

Company Registration Number: 07561488 (England & Wales)

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
(A company limited by guarantee)

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
**(A company limited by guarantee)**

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Members**

V Caldwell  
J Moulton  
A Nutt  
S Scott (resigned 31 August 2018)

**Trustees**

K Barnett, Centre Director<sup>1</sup>  
V Caldwell<sup>1</sup>  
S Cordell (resigned 19 July 2018)<sup>1</sup>  
K Grove (appointed 1 February 2018)  
R Hatton  
E Hindley (resigned 1 September 2018)  
N McCartney (appointed 4 October 2018)  
J Moulton<sup>1</sup>  
A Nutt  
J Parker  
A Saunders (appointed 24 May 2018)<sup>1</sup>  
S Scott (resigned 31 August 2018)  
K Staszczyk (appointed 24 May 2018)

<sup>1</sup> Governors Finance Group

**Company registered number**

07561488

**Company name**

Freemantle Church of England Community Academy

**Principal and registered office**

Mansion Road, Freemantle, Southampton, Hampshire, SO15 3BQ

**Senior accountability team**

K Barnett, Centre Director  
Miss E Hindley, Deputy to Centre Director  
Miss N Myszkowski, Head of Learning (EY)  
Mrs C Street, Head of Learning Key Phase 2

**Independent auditors**

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

**Bankers**

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

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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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 2018. 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 of 400 but this fluctuates on a daily basis.

**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 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 Aon.

**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.

**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.

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**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.

**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**

Freemantle Academy only has links with Freemantle Home School Partnership; this is made up of parents and staff at Freemantle Academy.

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**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 2018 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.

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.

**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.

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Strategic Report**

**Achievements and Performance**

The Academy is now in its seventh academic year of operation and continues to achieve the forecast numbers of pupils. Total pupils in the period ended 31 August 2017 numbered 424 and the Academy has a few spaces in all year groups.

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

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 (2018 unvalidated data).

**Key Performance Indicators**

Foundation Stage- In line with national expectation in all areas with combined GLD of 71.1%

Key Stage 2- In line and above national expectation with a combined RWM of 71.3%- 7% above national

**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 2018 of £3.1m, comprising £319k of restricted funds, £3.2m of restricted fixed asset funds and £169k of unrestricted general funds, less a pension reserve of £565k. 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 during the year, and the associated expenditure, are shown as restricted funds in the statement of financial activities.

During the year, total expenditure of £2.0m 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) was £96k.

At 31 August 2018 the net book value of fixed assets was £3.2m 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.

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**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 £168,823, which is less than is needed. The Academy intends to continue building up free reserves to the level needed.

Under Financial Reporting Standard 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 2018, the deficit on this reserve amounted to £565,000. 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.

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**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 ICT replacement: we currently have 5 year back to base insurance on all our equipment, many we have extended warranties upon, i.e. 7 years for interactive screens. The appointment of an experienced computer technician allied with our external support team ensures effective and efficient use of the ICT within the academy. A robust replacement schedule is currently being produced to ensure durability of systems and that replacement meets our VFM principles.

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).

**Funds Held as Custodian Trustee on Behalf of Others**

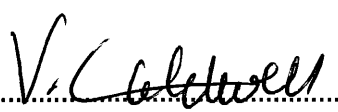
The Academy did not act as custodian trustee during the reporting period.

**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 29 November 2018 and signed on the board's behalf by:

  
.....  
**V Caldwell**  
**Chair of Trustees**

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
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**GOVERNANCE STATEMENT**

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**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 Headteacher, 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 Trustees' responsibilities statement. 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:

| <b>Trustee</b>              | <b>Meetings attended</b> | <b>Out of a possible</b> |
|-----------------------------|--------------------------|--------------------------|
| K Barnett, Centre Director  | 6                        | 6                        |
| V Caldwell                  | 6                        | 6                        |
| S Scott                     | 2                        | 6                        |
| R Hatton, Staff Director    | 5                        | 6                        |
| E Hindley, Staff Director   | 2                        | 2                        |
| A Nutt                      | 2                        | 6                        |
| J Moulton                   | 2                        | 6                        |
| J Parker                    | 6                        | 6                        |
| S Cordell                   | 4                        | 6                        |
| N McCartney, Staff Director | 4                        | 4                        |
| K Grove                     | 5                        | 5                        |
| A Saunders                  | 1                        | 1                        |
| K Staszczuk                 | 1                        | 1                        |

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:

| <b>Trustee</b> | <b>Meetings attended</b> | <b>Out of a possible</b> |
|----------------|--------------------------|--------------------------|
| S Cordell      | 4                        | 6                        |
| V Caldwell     | 5                        | 6                        |
| J Moulton      | 3                        | 6                        |
| A Saunders     | 1                        | 1                        |
| K Barnett      | 6                        | 6                        |

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
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**GOVERNANCE STATEMENT (continued)**

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Governance reviews:

The board has continued to develop throughout the year. The board has followed up on the review of its effectiveness in June 2017, additional development and input has been 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 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.

**Review of Value for Money**

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

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

- working collaboratively with other local primary schools and feeder secondary to create and enhance opportunities for staff to develop and receive training;
- ensuring that purchasing supplies by using economies of scale are researched and considered by the local trust group of schools;
- 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.

**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 ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Freemantle Church of England Community Academy for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
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**GOVERNANCE STATEMENT (continued)**

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**Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ended 31 August 2018 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 S Scott, a director, to undertake a programme of risk review and checking of controls. Due to ongoing personal issues the director was unable to undertake this role effectively, and the accounting officer and finance officer therefore meet weekly to scrutinise the accounts for the academy. The academy has appointed an external finance officer to undertake this role from September 2018.

The role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a half termly basis the external finance officer 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 appointee's work this year. The external finance officer will receive a schedule of work for the coming year to carry out checks at the direction of the Audit Committee.

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
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**GOVERNANCE STATEMENT (continued)**

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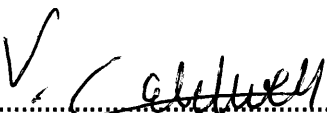
**Review of Effectiveness**

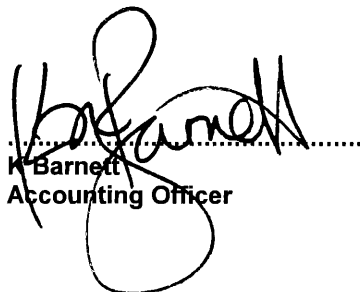
As Accounting Officer, the Centre Director has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal 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 29 November 2018 and signed on their behalf, by:

  
.....  
V Caldwell  
Chair of Trustees

  
.....  
K Barnett  
Accounting Officer

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
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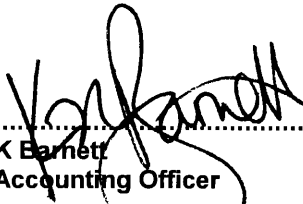
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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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 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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.

  
.....  
K Barnett  
Accounting Officer

Date: 29 November 2018

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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

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

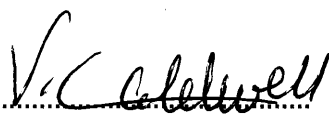
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 29 November 2018 and signed on its behalf by:

  
.....  
**V Caldwell**  
**Chair of Trustees**

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**

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**OPINION**

We have audited the financial statements of Freemantle Church of England Community Academy (the 'Academy') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

**BASIS FOR OPINION**

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**

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**OTHER INFORMATION**

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

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

We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

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

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

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

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
(A company limited by guarantee)

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**

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**RESPONSIBILITIES OF TRUSTEES**

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

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

**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

**USE OF OUR REPORT**

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

*Hopper Williams & Bell Limited*

Michaela Johns FCCA (Senior statutory auditor)  
for and on behalf of

**Hopper Williams & Bell Limited**

Statutory Auditor

Highland House

Mayflower Close

Chandlers Ford

Eastleigh

Hampshire

SO53 4AR

Date: *29 November 2018*

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO  
FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY AND THE EDUCATION & SKILLS  
FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 4 September 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 year 1 September 2017 to 31 August 2018 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 Freemantle Church of England Community Academy 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 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 2017, 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO  
FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY AND THE EDUCATION & SKILLS  
FUNDING AGENCY (continued)**

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**SUMMARY OF WORK UNDERTAKEN**

We carried out the following:

- planning of assurance procedures including identifying key risks;
- substantive testing including analytical review;
- concluding on procedures carried out.

Substantive testing included the following procedures:

- confirming that activities conform to the Academy's framework of authorities;
- considering the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance;
- evaluating the general control environment of the Academy;
- testing a sample of transactions to consider whether the transaction is permissible within the Academy's framework of authorities;
- confirming whether any extra-contractual payments have been made and whether appropriate authority was obtained;
- reviewing documentation for evidence of borrowing and confirming if approval was obtained from the ESFA;
- confirming whether ESFA approval was obtained for any disposals of assets;
- reviewing the internal control procedures relating to credit cards;
- reviewing for any indication of purchases for personal use by staff or officers;
- reviewing the list of suppliers to consider whether supplies are from related parties;
- considering whether income generating activities are permissible within the Academy's charitable objects;
- reviewing whether lettings to related parties are made at favourable rates.

**CONCLUSION**

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

The Academy has not delivered assurance via a programme of risk review. As a result, we have relied upon assurances from the Accounting Officer that there is no material irregularity, impropriety and non-compliance, but we have not been provided with supporting evidence as reviews were not undertaken.

*Hopper Williams & Bell Limited*

Michaela Johns FCCA

**Hopper Williams & Bell Limited**

Statutory Auditor  
Highland House  
Mayflower Close  
Chandlers Ford  
Eastleigh  
Hampshire  
SO53 4AR

Date: *29 November 2018*

**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2018**

|                                                                                        | Note | Un-<br>restricted<br>funds<br>2018<br>£ | Restricted<br>funds<br>2018<br>£ | Restricted<br>fixed asset<br>funds<br>2018<br>£ | Total<br>funds<br>2018<br>£ | Total<br>funds<br>2017<br>£ |
|----------------------------------------------------------------------------------------|------|-----------------------------------------|----------------------------------|-------------------------------------------------|-----------------------------|-----------------------------|
| <b>INCOME FROM:</b>                                                                    |      |                                         |                                  |                                                 |                             |                             |
| Donations and capital grants                                                           | 3    | 6,040                                   | -                                | 8,583                                           | 14,623                      | 12,935                      |
| Charitable activities                                                                  | 4    | -                                       | 2,055,339                        | -                                               | 2,055,339                   | 2,162,927                   |
| Other trading activities                                                               | 5    | 15,140                                  | -                                | -                                               | 15,140                      | 11,526                      |
| Investments                                                                            | 6    | 2,388                                   | -                                | -                                               | 2,388                       | 1,500                       |
| <b>TOTAL INCOME</b>                                                                    |      | <b>23,568</b>                           | <b>2,055,339</b>                 | <b>8,583</b>                                    | <b>2,087,490</b>            | <b>2,188,888</b>            |
| <b>EXPENDITURE ON:</b>                                                                 |      |                                         |                                  |                                                 |                             |                             |
| Charitable activities                                                                  |      | -                                       | 1,983,220                        | 112,011                                         | 2,095,231                   | 2,128,653                   |
| <b>TOTAL EXPENDITURE</b>                                                               | 7    | <b>-</b>                                | <b>1,983,220</b>                 | <b>112,011</b>                                  | <b>2,095,231</b>            | <b>2,128,653</b>            |
| <b>NET BEFORE TRANSFERS</b>                                                            |      | <b>23,568</b>                           | <b>72,119</b>                    | <b>(103,428)</b>                                | <b>(7,741)</b>              | <b>60,235</b>               |
| Transfers between Funds                                                                | 17   | -                                       | (41,604)                         | 41,604                                          | -                           | -                           |
| <b>NET INCOME /<br/>(EXPENDITURE) BEFORE<br/>OTHER RECOGNISED<br/>GAINS AND LOSSES</b> |      | <b>23,568</b>                           | <b>30,515</b>                    | <b>(61,824)</b>                                 | <b>(7,741)</b>              | <b>60,235</b>               |
| Actuarial gains on defined<br>benefit pension schemes                                  | 21   | -                                       | 138,000                          | -                                               | 138,000                     | 152,000                     |
| <b>NET MOVEMENT IN FUNDS</b>                                                           |      | <b>23,568</b>                           | <b>168,515</b>                   | <b>(61,824)</b>                                 | <b>130,259</b>              | <b>212,235</b>              |
| <b>RECONCILIATION OF FUNDS:</b>                                                        |      |                                         |                                  |                                                 |                             |                             |
| Total funds brought forward                                                            |      | 145,255                                 | (414,909)                        | 3,273,301                                       | 3,003,647                   | 2,791,412                   |
| <b>TOTAL FUNDS CARRIED<br/>FORWARD</b>                                                 |      | <b>168,823</b>                          | <b>(246,394)</b>                 | <b>3,211,477</b>                                | <b>3,133,906</b>            | <b>3,003,647</b>            |

The notes on pages 23 to 45 form part of these financial statements.

**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 07561488**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2018**

|                                                                | Note | £                | 2018<br>£               | £                | 2017<br>£               |
|----------------------------------------------------------------|------|------------------|-------------------------|------------------|-------------------------|
| <b>FIXED ASSETS</b>                                            |      |                  |                         |                  |                         |
| Tangible assets                                                | 13   |                  | 3,211,477               |                  | 3,273,301               |
| <b>CURRENT ASSETS</b>                                          |      |                  |                         |                  |                         |
| Debtors                                                        | 14   | 102,360          |                         | 67,168           |                         |
| Cash at bank and in hand                                       |      | 529,164          |                         | 436,148          |                         |
|                                                                |      | <u>631,524</u>   |                         | <u>503,316</u>   |                         |
| <b>CREDITORS: amounts falling due within one year</b>          | 15   | <u>(144,095)</u> |                         | <u>(133,510)</u> |                         |
| <b>NET CURRENT ASSETS</b>                                      |      |                  | <u>487,429</u>          |                  | <u>369,806</u>          |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      |                  | <u>3,698,906</u>        |                  | <u>3,643,107</u>        |
| <b>CREDITORS: amounts falling due after more than one year</b> | 16   |                  | <u>-</u>                |                  | <u>(2,460)</u>          |
| <b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>         |      |                  | <u>3,698,906</u>        |                  | <u>3,640,647</u>        |
| Defined benefit pension scheme liability                       | 21   |                  | <u>(565,000)</u>        |                  | <u>(637,000)</u>        |
| <b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>         |      |                  | <u><u>3,133,906</u></u> |                  | <u><u>3,003,647</u></u> |
| <b>FUNDS OF THE ACADEMY</b>                                    |      |                  |                         |                  |                         |
| Restricted income funds:                                       |      |                  |                         |                  |                         |
| Restricted income funds                                        | 17   | 318,606          |                         | 222,091          |                         |
| Restricted fixed asset funds                                   | 17   | <u>3,211,477</u> |                         | <u>3,273,301</u> |                         |
| Restricted income funds excluding pension liability            |      | <u>3,530,083</u> |                         | <u>3,495,392</u> |                         |
| Pension reserve                                                |      | <u>(565,000)</u> |                         | <u>(637,000)</u> |                         |
| Total restricted income funds                                  |      |                  | <u>2,965,083</u>        |                  | <u>2,858,392</u>        |
| Unrestricted income funds                                      | 17   |                  | <u>168,823</u>          |                  | <u>145,255</u>          |
| <b>TOTAL FUNDS</b>                                             |      |                  | <u><u>3,133,906</u></u> |                  | <u><u>3,003,647</u></u> |

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
**(A company limited by guarantee)**

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**BALANCE SHEET (continued)**  
**AS AT 31 AUGUST 2018**

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The financial statements on pages 19 to 45 were approved by the Trustees, and authorised for issue, on 29 November 2018 and are signed on their behalf, by:

  
.....  
**V Caldwell**  
**Chair of Trustees**

The notes on pages 23 to 45 form part of these financial statements.

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
**(A company limited by guarantee)**

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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|                                                        | Note | 2018<br>£             | 2017<br>£             |
|--------------------------------------------------------|------|-----------------------|-----------------------|
| <b>Cash flows from operating activities</b>            |      |                       |                       |
| Net cash provided by operating activities              | 19   | <u>143,203</u>        | <u>93,745</u>         |
| <b>Cash flows from investing activities:</b>           |      |                       |                       |
| Purchase of tangible fixed assets                      |      | <u>(50,187)</u>       | <u>(42,696)</u>       |
| <b>Net cash used in investing activities</b>           |      | <u>(50,187)</u>       | <u>(42,696)</u>       |
| <b>Change in cash and cash equivalents in the year</b> |      | <b>93,016</b>         | <b>51,049</b>         |
| Cash and cash equivalents brought forward              |      | <u>436,148</u>        | <u>385,099</u>        |
| <b>Cash and cash equivalents carried forward</b>       | 20   | <u><u>529,164</u></u> | <u><u>436,148</u></u> |

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the academy 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Freemantle Church of England Community Academy constitutes a public benefit entity as defined by FRS 102.

**1.2 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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.

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**1.4 Expenditure**

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

Expenditure on charitable activities are costs incurred on the Academy's educational operations, including support costs and those costs relating to the governance of the Academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Going concern**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy 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.

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £500 are capitalised 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 incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

|                        |   |                           |
|------------------------|---|---------------------------|
| Freehold buildings     | - | 20-50 years straight line |
| Furniture and fixtures | - | 3-20 years straight line  |
| Plant and equipment    | - | 15 years straight line    |
| Motor vehicles         | - | 4 years straight line     |
| Computer equipment     | - | 3 years straight line     |

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

**1.7 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.8 Taxation**

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

**1.9 Debtors**

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

**1.10 Cash at Bank and in hand**

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

**1.11 Liabilities and provisions**

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

**1.12 Financial instruments**

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

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

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or other financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

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**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.13 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded 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 incorporating income and expenditure account 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.14 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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.

**2. GENERAL ANNUAL GRANT (GAG)**

Under the funding agreement with the Secretary of State the Academy was subject to limits at 31 August 2018 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 has not exceeded these limits during the year ended 31 August 2018.

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**3. INCOME FROM DONATIONS AND CAPITAL GRANTS**

|                   | Un-<br>restricted<br>funds<br>2018<br>£ | Restricted<br>funds<br>2018<br>£ | Total<br>funds<br>2018<br>£ | Total<br>funds<br>2017<br>£ |
|-------------------|-----------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Donations         | 6,040                                   | -                                | 6,040                       | 4,079                       |
| Capital grants    | -                                       | 8,583                            | 8,583                       | 8,856                       |
|                   | <u>6,040</u>                            | <u>8,583</u>                     | <u>14,623</u>               | <u>12,935</u>               |
| <i>Total 2017</i> | <u>4,079</u>                            | <u>8,856</u>                     | <u>12,935</u>               |                             |

**4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

|                                | Un-<br>restricted<br>funds<br>2018<br>£ | Restricted<br>funds<br>2018<br>£ | Total<br>funds<br>2018<br>£ | Total<br>funds<br>2017<br>£ |
|--------------------------------|-----------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| <b>DfE/ESFA grants</b>         |                                         |                                  |                             |                             |
| General Annual Grant (GAG)     | -                                       | 1,526,563                        | 1,526,563                   | 1,628,326                   |
| DfE/ESFA other grants          | -                                       | 175,677                          | 175,677                     | 221,781                     |
|                                | <u>-</u>                                | <u>1,702,240</u>                 | <u>1,702,240</u>            | <u>1,850,107</u>            |
| <b>Other government grants</b> |                                         |                                  |                             |                             |
| Local authority grants         | -                                       | 253,833                          | 253,833                     | 202,814                     |
|                                | <u>-</u>                                | <u>253,833</u>                   | <u>253,833</u>              | <u>202,814</u>              |
| <b>Other funding</b>           |                                         |                                  |                             |                             |
| Trip income                    | -                                       | 14,561                           | 14,561                      | 5,194                       |
| Other income                   | -                                       | 84,705                           | 84,705                      | 104,812                     |
|                                | <u>-</u>                                | <u>99,266</u>                    | <u>99,266</u>               | <u>110,006</u>              |
|                                | <u>-</u>                                | <u>2,055,339</u>                 | <u>2,055,339</u>            | <u>2,162,927</u>            |
| <i>Total 2017</i>              | <u>-</u>                                | <u>2,162,927</u>                 | <u>2,162,927</u>            |                             |

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**5. OTHER TRADING ACTIVITIES**

|                    | Un-<br>restricted<br>funds<br>2018<br>£ | Restricted<br>funds<br>2018<br>£ | Total<br>funds<br>2018<br>£ | Total<br>funds<br>2017<br>£ |
|--------------------|-----------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Hire of facilities | 6,368                                   | -                                | 6,368                       | 3,504                       |
| Feed in tariff     | 8,772                                   | -                                | 8,772                       | 8,022                       |
|                    | <u>15,140</u>                           | <u>-</u>                         | <u>15,140</u>               | <u>11,526</u>               |
| <i>Total 2017</i>  | <u>11,526</u>                           | <u>-</u>                         | <u>11,526</u>               |                             |

**6. INVESTMENT INCOME**

|                   | Un-<br>restricted<br>funds<br>2018<br>£ | Restricted<br>funds<br>2018<br>£ | Total<br>funds<br>2018<br>£ | Total<br>funds<br>2017<br>£ |
|-------------------|-----------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Bank interest     | 2,388                                   | -                                | 2,388                       | 1,500                       |
| <i>Total 2017</i> | <u>1,500</u>                            | <u>-</u>                         | <u>1,500</u>                |                             |

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**7. EXPENDITURE**

|                                   | <b>Staff costs<br/>2018<br/>£</b> | <b>Premises<br/>2018<br/>£</b> | <b>Other costs<br/>2018<br/>£</b> | <b>Total<br/>2018<br/>£</b> | <b>Total<br/>2017<br/>£</b> |
|-----------------------------------|-----------------------------------|--------------------------------|-----------------------------------|-----------------------------|-----------------------------|
| Academy's educational operations: |                                   |                                |                                   |                             |                             |
| Direct costs                      | 1,198,086                         | -                              | 195,467                           | 1,393,553                   | 1,422,111                   |
| Support costs                     | 470,179                           | 86,428                         | 145,071                           | 701,678                     | 706,542                     |
|                                   | <u>1,668,265</u>                  | <u>86,428</u>                  | <u>340,538</u>                    | <u>2,095,231</u>            | <u>2,128,653</u>            |
| <i>Total 2017</i>                 | <u>1,672,774</u>                  | <u>80,811</u>                  | <u>375,068</u>                    | <u>2,128,653</u>            |                             |

**8. ANALYSIS OF SUPPORT COSTS**

|                    | <b>Educational<br/>operations<br/>£</b> | <b>Total<br/>2018<br/>£</b> | <b>Total<br/>2017<br/>£</b> |
|--------------------|-----------------------------------------|-----------------------------|-----------------------------|
| Premises costs     | 86,428                                  | 86,428                      | 80,811                      |
| Governance costs   | 9,200                                   | 9,200                       | 7,771                       |
| Other costs        | 95,607                                  | 95,607                      | 108,453                     |
| Wages and salaries | 334,510                                 | 334,510                     | 307,663                     |
| National insurance | 18,066                                  | 18,066                      | 12,998                      |
| Pension cost       | 117,603                                 | 117,603                     | 142,004                     |
| Depreciation       | 40,264                                  | 40,264                      | 46,842                      |
|                    | <u>701,678</u>                          | <u>701,678</u>              | <u>706,542</u>              |
| <i>Total 2017</i>  | <u>706,542</u>                          | <u>706,542</u>              |                             |

**9. NET INCOME/(EXPENDITURE)**

This is stated after charging:

|                                         | <b>2018<br/>£</b> | <b>2017<br/>£</b> |
|-----------------------------------------|-------------------|-------------------|
| Depreciation of tangible fixed assets:  |                   |                   |
| - owned by the charity                  | 112,011           | 114,890           |
| Auditors' remuneration - audit          | 4,770             | 4,770             |
| Auditors' remuneration - other services | 3,110             | 2,920             |
| Operating lease rentals                 | <u>9,425</u>      | <u>9,425</u>      |

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**10. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

|                                                    | 2018<br>£        | 2017<br>£        |
|----------------------------------------------------|------------------|------------------|
| Wages and salaries                                 | 1,313,765        | 1,301,024        |
| Social security costs                              | 87,648           | 84,281           |
| Operating costs of defined benefit pension schemes | 266,852          | 287,469          |
|                                                    | <u>1,668,265</u> | <u>1,672,774</u> |

**b. Staff numbers**

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

|                            | 2018<br>No. | 2017<br>No. |
|----------------------------|-------------|-------------|
| Teachers                   | 21          | 21          |
| Administration and support | 57          | 64          |
| Management                 | 4           | 5           |
|                            | <u>82</u>   | <u>90</u>   |

**c. Higher paid staff**

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

|                               | 2018<br>No. | 2017<br>No. |
|-------------------------------|-------------|-------------|
| In the band £70,001 - £80,000 | 0           | 1           |
| In the band £80,001 - £90,000 | 1           | 0           |

**d. Key management personnel**

The key management personnel of the academy trust comprise the senior accountability team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £223,675 (2017: £230,050).

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. TRUSTEES' REMUNERATION AND EXPENSES**

One or more Trustees has been paid remuneration or has received other benefits from an 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 other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

|             |                            | <b>2018</b>  | <b>2017</b>  |
|-------------|----------------------------|--------------|--------------|
|             |                            | <b>£'000</b> | <b>£'000</b> |
| K Barnett   | Remuneration               | <b>80-85</b> | <b>75-80</b> |
|             | Pension contributions paid | <b>10-15</b> | <b>10-15</b> |
| R Hatton    | Remuneration               | <b>20-25</b> | <b>20-25</b> |
|             | Pension contributions paid | <b>0-5</b>   | <b>0-5</b>   |
| E Hindley   | Remuneration               | <b>20-25</b> | <b>35-40</b> |
|             | Pension contributions paid | <b>0-5</b>   | <b>5-10</b>  |
| K Grove     | Remuneration               | <b>10-15</b> | -            |
|             | Pension contributions paid | <b>0-5</b>   | -            |
| K Staszczyk | Remuneration               | <b>0-5</b>   | -            |
|             | Pension contributions paid | <b>0-5</b>   | -            |

K Grove - remuneration above is from February 2018

K Staszczyk - remuneration above is from May 2018

During the year ended 31 August 2018, three Trustees received reimbursement of expenses totalling £963 (2017: £nil).

**12. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1m on any one claim and the cost for the year ended 31 August 2018 was £840 (2017 - £876).

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**13. TANGIBLE FIXED ASSETS**

|                       | Freehold<br>land and<br>buildings<br>£ | Furniture<br>and<br>fixtures<br>£ | Plant and<br>equipment<br>£ | Motor<br>vehicles<br>£ | Computer<br>equipment<br>£ | Total<br>£ |
|-----------------------|----------------------------------------|-----------------------------------|-----------------------------|------------------------|----------------------------|------------|
| <b>Cost</b>           |                                        |                                   |                             |                        |                            |            |
| At 1 September 2017   | 3,405,150                              | 251,254                           | 38,592                      | 27,335                 | 178,906                    | 3,901,237  |
| Additions             | 12,326                                 | 19,975                            | -                           | -                      | 17,886                     | 50,187     |
| Disposals             | -                                      | (79,452)                          | (2,220)                     | -                      | (61,277)                   | (142,949)  |
| At 31 August 2018     | 3,417,476                              | 191,777                           | 36,372                      | 27,335                 | 135,515                    | 3,808,475  |
| <b>Depreciation</b>   |                                        |                                   |                             |                        |                            |            |
| At 1 September 2017   | 326,774                                | 104,265                           | 16,592                      | 27,335                 | 152,970                    | 627,936    |
| Charge for the year   | 71,747                                 | 17,520                            | 3,457                       | -                      | 19,287                     | 112,011    |
| On disposals          | -                                      | (79,452)                          | (2,220)                     | -                      | (61,277)                   | (142,949)  |
| At 31 August 2018     | 398,521                                | 42,333                            | 17,829                      | 27,335                 | 110,980                    | 596,998    |
| <b>Net book value</b> |                                        |                                   |                             |                        |                            |            |
| At 31 August 2018     | 3,018,955                              | 149,444                           | 18,543                      | -                      | 24,535                     | 3,211,477  |
| At 31 August 2017     | 3,078,376                              | 146,989                           | 22,000                      | -                      | 25,936                     | 3,273,301  |

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**NOTES TO THE FINANCIAL STATEMENTS  
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**14. DEBTORS**

|                                | 2018<br>£      | 2017<br>£     |
|--------------------------------|----------------|---------------|
| Other debtors                  | 10,057         | 9,053         |
| Prepayments and accrued income | 92,303         | 58,115        |
|                                | <u>102,360</u> | <u>67,168</u> |

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

|                                    | 2018<br>£      | 2017<br>£      |
|------------------------------------|----------------|----------------|
| Trade creditors                    | 38,594         | 43,900         |
| Other taxation and social security | 21,137         | 20,936         |
| Other creditors                    | 27,154         | 6,035          |
| Accruals and deferred income       | 57,210         | 62,639         |
|                                    | <u>144,095</u> | <u>133,510</u> |

Other creditors includes a Salix energy efficiency loan of £2,460 (2017: £4,920).

|                                      | 2018<br>£     | 2017<br>£     |
|--------------------------------------|---------------|---------------|
| <b>Deferred income</b>               |               |               |
| Deferred income at 1 September 2017  | 51,736        | 64,229        |
| Resources deferred during the year   | 43,095        | 51,736        |
| Amounts released from previous years | (51,736)      | (64,229)      |
| Deferred income at 31 August 2018    | <u>43,095</u> | <u>51,736</u> |

Deferred income includes funds received in advance for school trips, school dinners and rates relief for the forthcoming year.

**16. CREDITORS: Amounts falling due after more than one year**

|                 | 2018<br>£ | 2017<br>£    |
|-----------------|-----------|--------------|
| Other creditors | <u>-</u>  | <u>2,460</u> |

Other creditors comprises a Salix energy efficiency loan, which is repayable in instalments.

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**17. STATEMENT OF FUNDS**

|                                     | Balance at<br>1<br>September<br>2017<br>£ | Income<br>£      | Expenditure<br>£   | Transfers<br>in/out<br>£ | Gains/<br>(Losses)<br>£ | Balance at<br>31 August<br>2018<br>£ |
|-------------------------------------|-------------------------------------------|------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| <b>Unrestricted funds</b>           |                                           |                  |                    |                          |                         |                                      |
| General fund                        | 145,255                                   | 23,568           | -                  | -                        | -                       | 168,823                              |
| <b>Restricted funds</b>             |                                           |                  |                    |                          |                         |                                      |
| General annual grant                | 222,091                                   | 1,526,563        | (1,388,444)        | (41,604)                 | -                       | 318,606                              |
| Pupil premium                       | -                                         | 99,335           | (99,335)           | -                        | -                       | -                                    |
| Other DfE/ESFA grants               | -                                         | 76,342           | (76,342)           | -                        | -                       | -                                    |
| Local authority grants              | -                                         | 253,833          | (253,833)          | -                        | -                       | -                                    |
| Other educational activities        | -                                         | 99,266           | (99,266)           | -                        | -                       | -                                    |
| Pension reserve                     | (637,000)                                 | -                | (66,000)           | -                        | 138,000                 | (565,000)                            |
|                                     | <u>(414,909)</u>                          | <u>2,055,339</u> | <u>(1,983,220)</u> | <u>(41,604)</u>          | <u>138,000</u>          | <u>(246,394)</u>                     |
| <b>Restricted fixed asset funds</b> |                                           |                  |                    |                          |                         |                                      |
| Fixed asset fund                    | 3,273,301                                 | -                | (112,011)          | 50,187                   | -                       | 3,211,477                            |
| DfE/ESFA capital grants             | -                                         | 8,583            | -                  | (8,583)                  | -                       | -                                    |
|                                     | <u>3,273,301</u>                          | <u>8,583</u>     | <u>(112,011)</u>   | <u>41,604</u>            | <u>-</u>                | <u>3,211,477</u>                     |
| Total restricted funds              | <u>2,858,392</u>                          | <u>2,063,922</u> | <u>(2,095,231)</u> | <u>-</u>                 | <u>138,000</u>          | <u>2,965,083</u>                     |
| Total of funds                      | <u>3,003,647</u>                          | <u>2,087,490</u> | <u>(2,095,231)</u> | <u>-</u>                 | <u>138,000</u>          | <u>3,133,906</u>                     |

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**17. STATEMENT OF 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 following funding streams:

- school budget share;
- minimum funding guarantee;
- education services grant;
- insurance;
- rates;
- pre-16 high need funding.

**Pupil Premium and other DfE/ESFA grants**

This is funding received from the ESFA for specific purposes, and includes pupil premium, sports grant, and universal infant free school meals.

**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 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 money received from the DfE/ESFA specifically for expenditure on tangible fixed assets.

Under the funding agreement with the Secretary of State, the Academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2018. Note 2 discloses whether the limit was exceeded.

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**17. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

|                                     | <i>Balance at<br/>1 September<br/>2016<br/>£</i> | <i>Income<br/>£</i> | <i>Expenditure<br/>£</i> | <i>Transfers<br/>in/out<br/>£</i> | <i>Gains/<br/>(Losses)<br/>£</i> | <i>Balance at<br/>31 August<br/>2017<br/>£</i> |
|-------------------------------------|--------------------------------------------------|---------------------|--------------------------|-----------------------------------|----------------------------------|------------------------------------------------|
| <b>General funds</b>                |                                                  |                     |                          |                                   |                                  |                                                |
| General fund                        | 128,150                                          | 17,105              | -                        | -                                 | -                                | 145,255                                        |
|                                     | <u>128,150</u>                                   | <u>17,105</u>       | <u>-</u>                 | <u>-</u>                          | <u>-</u>                         | <u>145,255</u>                                 |
| <b>Restricted funds</b>             |                                                  |                     |                          |                                   |                                  |                                                |
| General annual grant                | 1,581                                            | 1,628,326           | (1,373,976)              | (33,840)                          | -                                | 222,091                                        |
| Pupil premium                       | -                                                | 145,697             | (145,697)                | -                                 | -                                | -                                              |
| Other DfE/ESFA grants               | -                                                | 76,084              | (76,084)                 | -                                 | -                                | -                                              |
| Local authority grants              | -                                                | 202,814             | (202,814)                | -                                 | -                                | -                                              |
| Other educational activities        | -                                                | 110,006             | (110,006)                | -                                 | -                                | -                                              |
| Pension reserve                     | (687,000)                                        | -                   | (102,000)                | -                                 | 152,000                          | (637,000)                                      |
|                                     | <u>(685,419)</u>                                 | <u>2,162,927</u>    | <u>(2,010,577)</u>       | <u>(33,840)</u>                   | <u>152,000</u>                   | <u>(414,909)</u>                               |
| <b>Restricted fixed asset funds</b> |                                                  |                     |                          |                                   |                                  |                                                |
| Fixed asset fund                    | 3,348,681                                        | -                   | (118,076)                | 42,696                            | -                                | 3,273,301                                      |
| DfE/ESFA capital grants             | -                                                | 8,856               | -                        | (8,856)                           | -                                | -                                              |
|                                     | <u>3,348,681</u>                                 | <u>8,856</u>        | <u>(118,076)</u>         | <u>33,840</u>                     | <u>-</u>                         | <u>3,273,301</u>                               |
| Total restricted funds              | <u>2,663,262</u>                                 | <u>2,171,783</u>    | <u>(2,128,653)</u>       | <u>-</u>                          | <u>152,000</u>                   | <u>2,858,392</u>                               |
| Total of funds                      | <u>2,791,412</u>                                 | <u>2,188,888</u>    | <u>(2,128,653)</u>       | <u>-</u>                          | <u>152,000</u>                   | <u>3,003,647</u>                               |

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FOR THE YEAR ENDED 31 AUGUST 2018**

**A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:**

|                                     | Balance at<br>1<br>September<br>2016<br>£ | Income<br>£      | Expenditure<br>£   | Transfers<br>in/out<br>£ | Gains/<br>(Losses)<br>£ | Balance at<br>31 August<br>2018<br>£ |
|-------------------------------------|-------------------------------------------|------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| <b>Unrestricted funds</b>           |                                           |                  |                    |                          |                         |                                      |
| General fund                        | 128,150                                   | 40,673           | -                  | -                        | -                       | 168,823                              |
|                                     | <u>128,150</u>                            | <u>40,673</u>    | <u>-</u>           | <u>-</u>                 | <u>-</u>                | <u>168,823</u>                       |
| <b>Restricted funds</b>             |                                           |                  |                    |                          |                         |                                      |
| General annual grant                | 1,581                                     | 3,154,889        | (2,762,420)        | (75,444)                 | -                       | 318,606                              |
| Pupil premium                       | -                                         | 245,032          | (245,032)          | -                        | -                       | -                                    |
| Other DfE/ESFA grants               | -                                         | 152,426          | (152,426)          | -                        | -                       | -                                    |
| Local authority grants              | -                                         | 456,647          | (456,647)          | -                        | -                       | -                                    |
| Other educational activities        | -                                         | 209,272          | (209,272)          | -                        | -                       | -                                    |
| Pension reserve                     | (687,000)                                 | -                | (168,000)          | -                        | 290,000                 | (565,000)                            |
|                                     | <u>(685,419)</u>                          | <u>4,218,266</u> | <u>(3,993,797)</u> | <u>(75,444)</u>          | <u>290,000</u>          | <u>(246,394)</u>                     |
| <b>Restricted fixed asset funds</b> |                                           |                  |                    |                          |                         |                                      |
| Fixed asset fund                    | 3,348,681                                 | -                | (230,087)          | 92,883                   | -                       | 3,211,477                            |
| DfE/ESFA capital grants             | -                                         | 17,439           | -                  | (17,439)                 | -                       | -                                    |
|                                     | <u>3,348,681</u>                          | <u>17,439</u>    | <u>(230,087)</u>   | <u>75,444</u>            | <u>-</u>                | <u>3,211,477</u>                     |
|                                     | <u>2,663,262</u>                          | <u>4,235,705</u> | <u>(4,223,884)</u> | <u>-</u>                 | <u>290,000</u>          | <u>2,965,083</u>                     |
| <b>Total of funds</b>               | <u>2,791,412</u>                          | <u>4,276,378</u> | <u>(4,223,884)</u> | <u>-</u>                 | <u>290,000</u>          | <u>3,133,906</u>                     |

**FREEMANTLE CHURCH OF ENGLAND COMMUNITY ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

|                               | Un-<br>restricted<br>funds<br>2018<br>£ | Restricted<br>funds<br>2018<br>£ | Restricted<br>fixed asset<br>funds<br>2018<br>£ | Total<br>funds<br>2018<br>£ |
|-------------------------------|-----------------------------------------|----------------------------------|-------------------------------------------------|-----------------------------|
| Tangible fixed assets         | -                                       | -                                | 3,211,477                                       | 3,211,477                   |
| Current assets                | 168,823                                 | 462,701                          | -                                               | 631,524                     |
| Creditors due within one year | -                                       | (144,095)                        | -                                               | (144,095)                   |
| Pension reserve               | -                                       | (565,000)                        | -                                               | (565,000)                   |
|                               | <u>168,823</u>                          | <u>(246,394)</u>                 | <u>3,211,477</u>                                | <u>3,133,906</u>            |

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

|                                     | Un-restricted<br>funds<br>2017<br>£ | Restricted<br>funds<br>2017<br>£ | Restricted<br>fixed asset<br>funds<br>2017<br>£ | Total<br>funds<br>2017<br>£ |
|-------------------------------------|-------------------------------------|----------------------------------|-------------------------------------------------|-----------------------------|
| Tangible fixed assets               | -                                   | -                                | 3,273,301                                       | 3,273,301                   |
| Current assets                      | 145,255                             | 358,061                          | -                                               | 503,316                     |
| Creditors due within one year       | -                                   | (133,510)                        | -                                               | (133,510)                   |
| Creditors due in more than one year | -                                   | (2,460)                          | -                                               | (2,460)                     |
| Pension reserve                     | -                                   | (637,000)                        | -                                               | (637,000)                   |
|                                     | <u>145,255</u>                      | <u>(414,909)</u>                 | <u>3,273,301</u>                                | <u>3,003,647</u>            |

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**19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

|                                                                                  | 2018<br>£      | 2017<br>£     |
|----------------------------------------------------------------------------------|----------------|---------------|
| Net (expenditure)/income for the year (as per Statement of Financial Activities) | (7,741)        | 60,235        |
| <b>Adjustment for:</b>                                                           |                |               |
| Depreciation charges                                                             | 112,011        | 118,076       |
| (Increase)/decrease in debtors                                                   | (35,192)       | 5,517         |
| Increase/(decrease) in creditors                                                 | 8,125          | (192,083)     |
| Defined benefit pension scheme cost less contributions payable                   | 66,000         | 102,000       |
| <b>Net cash provided by operating activities</b>                                 | <b>143,203</b> | <b>93,745</b> |

**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

|                                      | 2018<br>£      | 2017<br>£      |
|--------------------------------------|----------------|----------------|
| Notice deposits (less than 3 months) | 529,164        | 436,148        |
| <b>Total</b>                         | <b>529,164</b> | <b>436,148</b> |

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**FOR THE YEAR ENDED 31 AUGUST 2018**

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**21. PENSION COMMITMENTS**

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

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

Contributions amounting to £23,440 were payable to the schemes at 31 August 2018 (2017 - £nil) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

**Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £117,352 (2017 - £109,940).

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**21. PENSION COMMITMENTS (continued)**

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £136,000 (2017 - £109,000), of which employer's contributions totalled £105,000 (2017 - £82,000) and employees' contributions totalled £31,000 (2017 - £27,000). The agreed contribution rates for future years are 15.1% for employers and between 5.5% and 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 academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions:

|                                                      | <b>2018</b>   | <b>2017</b>   |
|------------------------------------------------------|---------------|---------------|
| Discount rate for scheme liabilities                 | <b>2.80 %</b> | <b>2.50 %</b> |
| Rate of increase in salaries                         | <b>3.50 %</b> | <b>3.40 %</b> |
| Rate of increase for pensions in payment / inflation | <b>2.00 %</b> | <b>1.90 %</b> |
| Inflation assumption (CPI)                           | <b>2.00 %</b> | <b>1.90 %</b> |

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

|                      | <b>2018</b> | <b>2017</b> |
|----------------------|-------------|-------------|
| Retiring today       |             |             |
| Males                | <b>24.1</b> | <b>24.0</b> |
| Females              | <b>27.2</b> | <b>27.0</b> |
| Retiring in 20 years |             |             |
| Males                | <b>26.2</b> | <b>26.0</b> |
| Females              | <b>29.4</b> | <b>29.3</b> |

|                                        | <b>At 31 August<br/>2018</b> | <b>At 31 August<br/>2017</b> |
|----------------------------------------|------------------------------|------------------------------|
| <b>Sensitivity analysis</b>            | <b>£</b>                     | <b>£</b>                     |
| Discount rate +0.1%                    | <b>1,644,000</b>             | <b>1,547,000</b>             |
| Discount rate -0.1%                    | <b>1,741,000</b>             | <b>1,638,000</b>             |
| Mortality assumption - 1 year increase | <b>1,740,000</b>             | <b>1,638,000</b>             |
| Mortality assumption - 1 year decrease | <b>1,644,000</b>             | <b>1,546,000</b>             |

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**21. PENSION COMMITMENTS (continued)**

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

|                              | Fair value at<br>31 August<br>2018<br>£ | Fair value at<br>31 August<br>2017<br>£ |
|------------------------------|-----------------------------------------|-----------------------------------------|
| Equities                     | 720,000                                 | 584,000                                 |
| Government bonds             | 258,000                                 | 237,000                                 |
| Corporate bonds              | 14,000                                  | 11,000                                  |
| Property                     | 78,000                                  | 62,000                                  |
| Cash                         | 26,000                                  | 29,000                                  |
| Other                        | 31,000                                  | 32,000                                  |
| Total market value of assets | <u>1,127,000</u>                        | <u>955,000</u>                          |

The actual return on scheme assets was £74,000 (2017 - £36,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

|                      | 2018<br>£      | 2017<br>£      |
|----------------------|----------------|----------------|
| Current service cost | 156,000        | 171,000        |
| Net interest cost    | 15,000         | 13,000         |
| Total                | <u>171,000</u> | <u>184,000</u> |

Movements in the present value of the defined benefit obligation were as follows:

|                                    | 2018<br>£        | 2017<br>£        |
|------------------------------------|------------------|------------------|
| Opening defined benefit obligation | 1,592,000        | 1,507,000        |
| Current service cost               | 156,000          | 171,000          |
| Interest cost                      | 40,000           | 30,000           |
| Employee contributions             | 31,000           | 27,000           |
| Actuarial gains                    | (89,000)         | (133,000)        |
| Benefits paid                      | (38,000)         | (10,000)         |
| Closing defined benefit obligation | <u>1,692,000</u> | <u>1,592,000</u> |

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**21. PENSION COMMITMENTS (continued)**

Movements in the fair value of the Academy's share of scheme assets:

|                                     | 2018<br>£        | 2017<br>£      |
|-------------------------------------|------------------|----------------|
| Opening fair value of scheme assets | 955,000          | 820,000        |
| Interest income                     | 25,000           | 17,000         |
| Actuarial losses                    | 49,000           | 19,000         |
| Employer contributions              | 105,000          | 82,000         |
| Employee contributions              | 31,000           | 27,000         |
| Benefits paid                       | (38,000)         | (10,000)       |
|                                     | <hr/>            | <hr/>          |
| Closing fair value of scheme assets | <u>1,127,000</u> | <u>955,000</u> |

**22. OPERATING LEASE COMMITMENTS**

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

|                         | 2018<br>£     | 2017<br>£     |
|-------------------------|---------------|---------------|
| <b>Amounts payable:</b> |               |               |
| Within 1 year           | 9,388         | 9,425         |
| Between 1 and 5 years   | 10,346        | 19,734        |
|                         | <hr/>         | <hr/>         |
| Total                   | <u>19,734</u> | <u>29,159</u> |

**23. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the year, a close family member of K Barnett was employed by the academy. Remuneration of £16,157 (2017: £15,156) was paid and employer's pension contributions amounted to £2,313 (2017: £2,000). There were no other related party transactions during the year.

**24. MEMBERS' LIABILITY**

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