

Company Registration Number: 09648936 (England & Wales)

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

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NORTH LEAMINGTON SCHOOL
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	R Freeth D Gorvett D Lawson S Wadsworth D Winter
Trustees	S Aspinall R Freeth D Gorvett R Matthews J Mitchell M Olds (appointed 25 March 2019) S Owen R Pearce C Sabin (resigned 10 October 2018) E Semple A J Turner M Walsh (resigned 7 September 2019) N Wells
Company registered number	09648936
Company name	North Leamington School
Principal and registered office	Sandy Lane Blackdown Leamington Spa CV32 6RD
Company secretary	Amy Woodward
Senior management team	J Mitchell - Headteacher A Hawkins - Deputy Headteacher H Jones - Deputy Headteacher M Atkins - Senior Assistant Headteacher G Jephcole - Senior Assistant Headteacher L Kelman - Senior Assistant Headteacher R Morey - Senior Assistant Headteacher S Taylor - Senior Assistant Headteacher M Foy – Assistant Headteacher A Woodward – Business Manager

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Independent auditors	BDO LLP Two Snow Hill Birmingham B4 6GA
Bankers	Lloyds Bank 73 The Parade Leamington Spa Warwickshire CV32 4BB
Solicitors	Browne Jacobson Victoria Square House Victoria Square Birmingham B2 4BU

NORTH LEAMINGTON SCHOOL

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019

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

North Leamington School is currently a standalone "empty" MAT. It has a pupil capacity of 1,500 students (including sixth form) and had a roll of 1,464 in the school census on 3 October 2019. The school draws students from approximately a 10 mile radius and they are admitted according to our admissions policy.

Structure, governance and management

a. Constitution

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

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

The Trustees of North Leamington School are also the directors of the charitable company for the purposes of company law.

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

The academy was incorporated on 20 June 2015 and commenced trading as an academy on 1 November 2016.

b. Members' liability

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

c. Trustees' indemnities

From 1 November 2016 the academy opted into the risk protection arrangements with the Department for Education. The arrangement includes trustees' liability insurance and this is considered to qualify as third party indemnity insurance, as defined by section 234 of the Companies Act 2006.

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

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

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

Full details are set out within the Articles of Association which detail the type, number and process of appointing trustees.

- Member appointed trustees – up to 6
- Parent trustees – minimum of 2
- Co-opted trustees – no min/max stated

Member trustees are appointed by members. Under the articles, the Headteacher as CEO is also a member appointed. Parent trustees are appointed through election. Co-opted trustees are appointed by the existing trustees

e. Policies adopted for the induction and training of Trustees

New Trustees are interviewed by either Chair or Vice-Chair and formally written to on appointment and supplied with relevant details of Governance. A meeting is held with the HR Manager and Clerk to the Governing Body who issue key documents including the Scheme of Delegation, Work Plan, Terms of Reference, strategic vision, School Improvement Plan and any other key documentation / policies. DBS checking is completed before starting and secure web access is set up. Further induction training is made available from both internal and external providers.

NORTH LEAMINGTON SCHOOL (A company limited by guarantee)

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

Structure, governance and management (continued)

f. Organisational structure

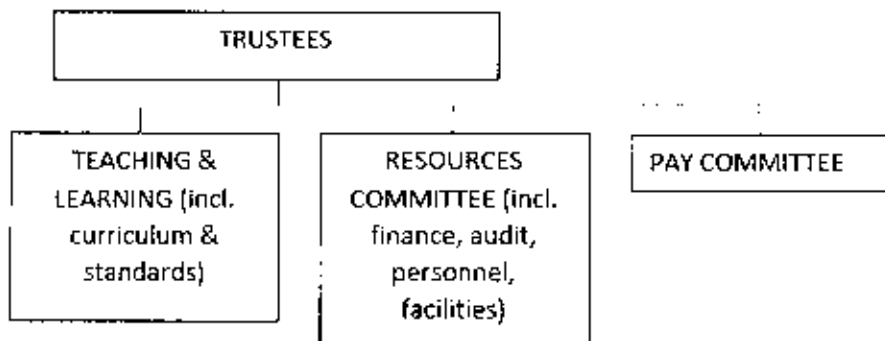
The Trustees (Full Governing Body) have responsibility for North Leamington School. The Trustees have put in place a scheme of delegation which permits duties to be passed to committees (Resources, Teaching and Learning, and Pay). Committees have terms of reference which are regularly reviewed alongside the scheme of delegation.

The Accounting Officer is also the Headteacher and is responsible for the financial operations and controls. Delegation of financial responsibility is set out within the company's Financial Regulations Manual. Leadership and Management across the school is delegated to the Headteacher and the Senior Leadership Team.

The trustees maintain overall control for:

- Activities and performance of the company
- The appointment of trustees
- Headteacher and senior team appointments
- The approval of annual financial statements and budgets
- Ratifying policies and procedures

The trustees, in the performance of their duties, pay due regard to the advice and information provided by the supporting committees.



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

For the period 1st September 2018 to 31st August 2019 North Leamington School has adopted its pay policy based on the recommendations of the School Teachers' Pay and Conditions Document 2018 and the NJC national agreement on Pay & Conditions 1997.

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

Structure, governance and management (continued)

h. Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	1
Full-time equivalent employee number	1

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time £

Total cost of facility time	-
Total pay bill	-
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-	%
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i. Related parties and other connected charities and organisations

Browne Jacobson LLP, from which the school purchases legal services, is a related party by virtue of Richard Freeth (Trustee), being a partner.

Objectives and activities

a. Mission Statement

The ambition of North Leamington School is to be an ever-improving learning environment that offers opportunities to enthuse, engage and enrich the experiences of all its community. The school will continue to instil a commitment to growth in a positive, dynamic and respectful environment that expects and supports personal excellence in the context of "everyone mattering equally".

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

Objectives and activities (continued)

b. Objectives, strategies and activities

North Leamington School's Strategic Aim for 2018-19 was to deliver an outstanding learning community, to be achieved by focussing on:

- A – Teaching, learning and assessment development
- B – A more flexible curriculum offer
- C – Culture and ethos
- D – Building the capacity of the school and its teams

.....so that outstanding outcomes are achieved for both students and staff.

The school's progress is regularly measured against a clear, strategic, improvement plan which is regularly monitor by the Governing Body.

c. Public benefit

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

In accordance with its charitable objectives, the Trust strives to advance the education of the students attending the school and provide sport and other recreational facilities for the benefit of the local community.

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

Objectives and activities (continued)

Strategic report

Achievements and performance

a. Key performance indicators

A. Teaching, Learning and Assessment development	B. Curriculum offer	C. Culture and Ethos	D. Building capacity of teams / school
Embedding high quality first teaching for all Development of learning strategies, including: meta-cognition, SBS, Thinking Hard Improving outcomes for key groups, including: Disadvantaged and SEND Literacy and Numeracy development Targeted intervention for maximum impact Standardisation and moderation of assessment	Curriculum offer through core, flexible, alternative, support, and entry level pathways Wider curriculum and enrichment	Consistent policy to practice Safety and well-being of students and staff Leadership development of staff and students Continue to develop a culture of positive engagement and high aspiration World class basics embedded across the school	Development of middle leadership Development of teams (Faculty and College) Continue to develop partnerships Budget for maximum impact GDPR practice embedded across the school Improve marketing and communication

The school has a detailed School Improvement Plan where the above priorities and key measures are broken down to key success criteria and actions for achieving the identified outcomes. The plan is reviewed by the Governing Body three times per year. This is also supported by key reports that are embedded within the Governing Body Work plan, such as budget, appraisal and results etc. We also have link governors attached to faculties, Colleges, and key areas such as Pupil premium, SEND, and safeguarding, who meet with relevant leaders to monitor and support progress and feedback where relevant through Governing Body meetings/committees throughout the school year.

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

Strategic report (continued)

Achievements and performance (continued)

Key Stage 4 data:

Year 11	Attainment 8	51.6
Year 11	Progress 8	0.47
Year 11	%9-5 Eng and Maths	53
Year 11	%9-5 English	73
Year 11	%9-5 Maths	61
Year 11	% EBACC	36%
Year 11	Progress 8 Lower	0.39
Year 11	Progress 8 Middle	0.52
Year 11	Progress 8 Higher	0.44

Key Stage 5 data:

Year 13	%A*-E	100%
Year 13	%A*-B	60%
Year 13	Points per entry	38.47
Year 13	Average Grade	B

At Key Stage 4 attainment and achievement is outstanding because:

Year on year attainment is significantly above the national average. Our progress improves year on year and is now almost half a grade above national average.

At Key Stage 5 all attainment and achievement is outstanding. Attainment is above the national average with an average grade of a B. Progress is outstanding.

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

Strategic report (continued)

Achievements and performance (continued)

b. Going concern

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

The trustees also recognise the current financial funding crisis affecting schools and are therefore taking active measures to reduce costs where possible including implementation of the following measures:

- Reviewing all posts as become vacant
- Continually reviewing services and looking for opportunities for shared services
- Investigating collaborative purchasing
- Reviewing external contracting arrangements

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

Strategic report (continued)

Achievements and performance (continued)

Financial review

a. Reserves policy

The trustees expect the school to hold contingency reserves from their annual GAG funding or other income awarded to or generated by the school. The policy of North Leamington School is to carry forward a prudent level of resources, designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies.

The trustees support the school's financial strategy to create a revenue reserve in order to fund future expenditure related to North Leamington School's long term aims and future strategic direction as a new MAT. As such, there is an annual capital expenditure plan, and a policy to transfer £50,000 annually into a contingency reserves fund. Due to our high specification facility, this is intended for future high cost expenditure, for example the resurfacing of the All Weather Pitch.

Under accounting standard FRS102 it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided for non-teaching staff, to a specific restricted reserve. At 31 August 2019, the Local Government Pension Scheme (LGPS) liability was £3.5m. This includes an increase of £897,000 due to an actuarial loss. Trustees are conscious that repayments are required to meet this deficit over time and understand the impact this may have on the amount of reserves held in future years.

b. Investment policy

Investments are not a key priority at the moment to have a policy as we are currently investing fully in the school rather than holding money.

c. Principal risks and uncertainties

The principal risks and uncertainties identified through our risks register include the following priorities:

- Funding cuts in future periods (financial viability) resulting in the school having financial difficulties
- Failure to achieve funding targets 16-18, resulting in reduced allocation
- Non achievement of funding and other income targets, for example, through failure to achieve planned pupil retention could result with the funding allocation targets not met
- Funding cuts in future periods resulting in low staff morale and high turnover
- Increased competition from other schools, resulting in 16-18 recruitment not being achieved

NORTH LEAMINGTON SCHOOL (A company limited by guarantee)

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

Strategic report (continued)

Financial review (continued)

d. Financial performance

The majority of funding is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019, and the associated expenditure, are shown as restricted funds in the statement of financial activities.

Unrestricted income comprises sports centre and other lettings revenue, music tuition income, donations and catering income.

During the year ended 31 August 2019, the trust's total expenditure was £8,162,445 and the total incoming resources were £7,596,138, resulting in a net deficit in the year of £566,307.

The total expenditure in the previous year was expenditure was £21,183,033, including a £13,150,991 revaluation loss on the school land and building, to align the value of the assets with the ESFA valuation obtained during the year. Excluding this accounting adjustment then the costs would have been £8,032,042. The total incoming resources were £7,670,317, resulting in a net deficit in the year of £13,612,716; or £461,725 if the revaluation of the land and buildings is excluded.

Overall creditors fell from £390,950 at 31 August 2018 to £190,840 at 31 August 2019. Cash at bank totalled £1,371,211 at the year end, which represents an increase of £22,998 compared to 31 August 2018. Debtors decreased to £129,391 from £224,429 at 31 August 2018, primarily as a result of greater prepayments compared to the previous year.

The value of tangible fixed assets has decreased to £24,478,945 (2018 - £24,892,322). This reduction is the result of the net effect of additions totalling £101,873 and depreciation of £515,250.

Fundraising

The trustees recognise the increasing need to raise additional funds to support tightening Government funding, and the need to conform to recognised regulations whilst doing so. Funds are mainly raised using the following methods:

- Ticket sales for attendance at school productions; and
- Voluntary contributions requested to support the cost of trips and visits.

North Leamington School does not work with any commercial participators or professional fundraisers. Nor is it bound by any voluntary schemes or standards for regulating fundraising.

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

Plans for future periods

North Leamington School's strategic aim for 2019-20 is to deliver an outstanding learning community; to be achieved by continuing to focus on consistency of policy into practices through:

- Developing a broad and balanced curriculum for all
- Refining and enhancing Wave 1 teaching and learning for all
- Refining and embedding a positive learning Culture and Ethos
- Building the capacity of the school and its teams

All of this is underpinned by our CORE and associated values:

- Commitment
- Opportunity
- Respect
- Excellence

NORTH LEAMINGTON SCHOOL
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Plans for future periods (continued)

Long Term Plan:

Curriculum	Teaching and Learning	Culture and Climate	Capacity of School/Teams
<p>Challenges students to fulfil their potential</p> <p>Offers breadth, depth and diversity</p> <p>Engages all:</p> <p>Personalised provision and support</p> <p>Inclusive provision that develops the whole person</p>	<p>Classroom environments foster creative learning and build a growth mind-set</p> <p>Students are engaged, independent and self-regulators</p> <p>Data is transparent to all stakeholders and laser sharp enquiry supports outstanding T&L outcomes</p> <p>All students are stretched and challenged so that they fulfil their potential</p> <p>Students are successful in reaching aspirational destinations</p> <p>Students demonstrate strong World Class Basics</p> <p>Students have a thirst for knowledge</p>	<p>Culture of success</p> <p>Climate where everyone feels safe, happy and well-cared for</p> <p>Shared vision</p> <p>Parents/Carers are gully supportive and actively engaged</p> <p>Students are prepared for adult life and make a positive contribution to society</p> <p>World class transition which supports all students' needs</p> <p>The school is fully inclusive and celebrates equality and diversity</p> <p>Success is celebrated at every opportunity</p> <p>Stakeholders are aware of how they contribute to the achievements of the whole school</p> <p>Stakeholders are proud of the school</p>	<p>Leadership is outstanding</p> <p>The MAT supports change in the local community through strong partnerships</p> <p>School systems are robust and secure</p> <p>The school of choice</p> <p>Maximise opportunities to create and sustain effective partnerships</p> <p>Highest quality staff at all levels</p>

Funds held as custodian on behalf of others

The academy and its governors do not act as the Custodian trustees of any other Charity or funds.

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

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

Auditors

On 1 February 2019 Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP has resigned as auditor and the Trustees have appointed BDO LLP as auditor in their place.

The Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 12 December 2019 and signed on its behalf by:



.....
R Freeth
(Chair of Trustees)

NORTH LEAMINGTON SCHOOL (A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

The board of Trustees has delegated the day-to-day responsibility to the 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 North Leamington School and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of Trustees has formally met 6 times during the year. 5 of these meetings were formal minuted meetings where the trust's finances were scrutinised. The 6th meeting was concerned with development of the School Improvement Plan which also considered the financial situation at the school in the current and future years.

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

Trustee	Meetings attended	Out of a possible
S Aspinall	6	6
R Freeth	5	6
D Gorvett	4	6
R Matthews	5	6
J Mitchell	6	6
M Olds	2	2
S Owen	6	6
R Pearce	5	6
C Sabin	1	2
E Semple	5	6
A J Turner	4	6
M Walsh	0	1
N Wells	5	6

During the year the board conducted a skills audit with a view to establishing areas where further expertise was needed. The aim is to use this to support with recruitment of future trustees, ensuring the most appropriate appointments are made. This will also be used to identify relevant CPD to address gaps in knowledge. All trustees complete agreed CPD units as part of the NGA online training programme each term.

The Resources Committee is a sub-committee of the main board of trustees. Its purpose is to advise the Trust Board about all matters relating to finance, staffing and health & safety within the school. The resources committee undertakes a more detailed review of the trust's financial situation in order to ensure the board maintain financial oversight.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
R Freeth	5	5
D Gorvett	1	5
J Mitchell	5	5
S Owen	4	5
R Pearce	4	5
C Sabin	1	2
E Semple	4	5
N Wells	5	5

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:

- Regular review and improvement of the Financial Regulations Manual. This creates improved robustness of internal financial controls and greater accountability for individual budget holders to manage expenditure in line with budgets.
- Undertaking a full and detailed review of the curriculum and associated staffing requirement in order to ensure the staff resource is appropriate.
- Review of staff structure to ensure it is fit for purpose and jobs are scaled appropriately.
- Regular review of facilities contracts to ensure suppliers are competitive and the appropriate mix of preventative vs reactive maintenance.
- Seeking additional funding opportunities and grants to maximise staff training, international opportunities, music facilities and careers education.

The purpose of the system of internal control

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

NORTH LEAMINGTON SCHOOL (A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

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

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- regular reviews by the 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 to appoint Karen Hanlan FCA as internal auditor.

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

- Full review of financial procedures and controls as laid down in the Financial Regulations Manual
- Review of Accounting System
- Testing of Purchasing/Procurement

On a termly basis, the internal auditor reports to the board of Trustees through the resources committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The schedule of work as planned by the audit committee was delivered as expected until the summer term when the visit was delayed due to personal circumstances of the internal auditor. Any control issues highlighted have been or are being resolved.

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GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

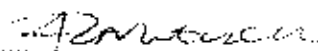
- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of Trustees on 12 December 2019 and signed on their behalf by:



.....
R Freeth
Chair of Trustees



.....
J Mitchell
Accounting Officer

NORTH LEAMINGTON SCHOOL
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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


J Mitchell
Accounting Officer
Date: 20 December 2019

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NORTH LEAMINGTON SCHOOL
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

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

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


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 12 December 2019 and signed on its behalf by:



.....
R Freeth
(Chair of Trustees)

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE OF NORTH
LEAMINGTON SCHOOL**

Opinion

We have audited the financial statements of North Leamington School ("the Academy") for the year ended 31 August 2019 which comprise the statement of financial activities (incorporating income and expenditure account), balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency (ESFA).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy'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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. 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.

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE OF NORTH
LEAMINGTON SCHOOL (CONTINUED)**

In connection with our audit of the financial statements, our responsibility is to read the other information, including the Trustees' Report and Governance Statement 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.

Opinions 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, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

Responsibilities of directors

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees 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.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

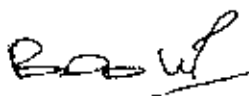
**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE OF NORTH
LEAMINGTON SCHOOL (CONTINUED)**

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:
<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and the Academy's members as a body, for our audit work, for this report, or for the opinions we have formed.



Nicholas Simkins (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Two Snowhill
Queensway
Birmingham
B4 6GA
United Kingdom

18/12/2019.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 18 February 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by North Leamington School during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to North Leamington School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to North Leamington School and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than North Leamington School and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of North Leamington School's funding agreement with the Secretary of State for Education dated 14 October 2016 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

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

Our procedures included, but not limited to, the following:

- Competitive tendering major contracts such as catering and grounds maintenance.
- Reviewing minutes of meetings, management accounts and making enquiries of management;
- Sample testing of expenditure to ensure items are for the academy's purposes and are appropriately authorised;
- Sample testing of credit card expenditure;
- Reviewing the procedures for identifying and declaring related parties and other business interests;
- Scrutinising journals and other adjustments posted during the year for evidence of unusual entries and making further enquiries into any such items where relevant;
- Reviewing a selection of nominal ledger accounts for evidence of unusual entries and making further enquiries into any such items where relevant; and
- Performing an evaluation of the general control environment of the academy.

Conclusion

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

BDO LLP

BDO LLP

Two Snowhill
Queensway
Birmingham
B4 6GA

Date: 18/12/2019.

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

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

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	4	10,461	-	100,295	110,756	108,046
Charitable activities		327,383	7,005,044	-	7,332,427	7,316,897
Other trading activities		152,009	-	-	152,009	144,772
Investments	7	946	-	-	946	602
Total income		490,799	7,005,044	100,295	7,596,138	7,570,317
Expenditure on:						
Raising funds		8,738	-	-	8,738	9,072
Charitable activities	10	338,651	7,299,806	515,250	8,153,707	21,173,961
Total expenditure		347,389	7,299,806	515,250	8,162,445	21,183,033
Net income/(expenditure)		143,410	(294,762)	(414,955)	(566,307)	(13,612,716)
Transfers between funds	21	(1,578)	-	1,578	-	-
Net movement in funds before other recognised gains/(losses)		141,832	(294,762)	(413,377)	(566,307)	(13,612,716)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	26	-	(897,000)	-	(897,000)	527,000
Net movement in funds		141,832	(1,191,762)	(413,377)	(1,463,307)	(13,085,716)
Reconciliation of funds:						
Total funds brought forward		1,086,952	(2,258,260)	24,892,322	23,721,014	36,806,730
Net movement in funds		141,832	(1,191,762)	(413,377)	(1,463,307)	(13,085,716)
Total funds carried forward		1,228,784	(3,450,022)	24,478,945	22,257,707	23,721,014

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

The notes on pages 31 to 58 form part of these financial statements.

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 09648936

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	17	24,478,945	24,892,322
		<u>24,478,945</u>	<u>24,892,322</u>
Current assets			
Debtors	18	129,391	224,429
Cash at bank and in hand		1,371,211	1,348,213
		<u>1,500,602</u>	<u>1,572,642</u>
Creditors: amounts falling due within one year	19	(190,840)	(390,950)
Net current assets		<u>1,309,762</u>	1,181,692
Total assets less current liabilities		<u>25,788,707</u>	26,074,014
Defined benefit pension scheme liability	26	(3,531,000)	(2,353,000)
Total net assets		<u><u>22,257,707</u></u>	<u><u>23,721,014</u></u>

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Funds of the academy			
Restricted funds:			
Fixed asset funds	21	24,478,945	24,892,322
Restricted income funds	21	80,978	94,740
Restricted funds excluding pension asset	21	<u>24,559,923</u>	<u>24,987,062</u>
Pension reserve	21	<u>(3,531,000)</u>	<u>(2,353,000)</u>
Total restricted funds	21	21,028,923	22,634,062
Unrestricted income funds	21	1,228,784	1,086,952
Total funds		<u>22,257,707</u>	<u>23,721,014</u>

The financial statements on pages 27 to 58 were approved by the Trustees, and authorised for issue on 12 December 2019 and are signed on their behalf, by:



R Freeth
(Chair of Trustees)

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	23	23,630	99,377
Cash flows from investing activities	24	(632)	(69,658)
Change in cash and cash equivalents in the year		22,998	29,719
Cash and cash equivalents at the beginning of the year		1,348,213	1,318,494
Cash and cash equivalents at the end of the year	25	<u><u>1,371,211</u></u>	<u><u>1,348,213</u></u>

The notes on pages 31 to 58 form part of these financial statements

NORTH LEAMINGTON SCHOOL

(A company limited by guarantee)

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

1. General information

North Leamington School is a private company limited by guarantee, registered in England and Wales (company number 09648936) and domiciled in England. The address of the registered office is Sandy Lane, Blackdown, Leamington Spa, CV32 6RD.

The members of the company are listed on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member.

The financial statements are presented for the academy as a single entity. The financial statements are presented in Sterling (£), which is the academy's functional currency, and are rounded to whole pound.

2. Accounting policies

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

2.1 Basis of preparation of financial statements

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

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

2.2 Going concern

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

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

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

2. Accounting policies (continued)

2.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

2.4 Expenditure

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

• **Expenditure on raising funds**

This includes all expenditure incurred by the academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

• **Charitable activities**

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

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

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

2. Accounting policies (continued)

2.4 Expenditure (continued)

All resources expended are inclusive of irrecoverable VAT.

2.5 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of financial activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of financial activities as the related expenditure is incurred.

2.6 Interest receivable

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

2.7 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 Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2.8 Tangible fixed assets

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

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

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

NORTH LEAMINGTON SCHOOL (A company limited by guarantee)

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

2. Accounting policies (continued)

2.8 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Long-term leasehold land	- Over 125 years
Long-term leasehold property	- Over 50 years
Computer equipment	- over 10 years

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.

2.9 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.

2.10 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.

2.11 Liabilities

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy 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.

2.12 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 bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

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

2. Accounting policies (continued)

2.13 Operating leases

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

2.14 Pensions

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

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

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

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

The academy is a member of a multi-employer plan. Where it is not possible for the academy to obtain sufficient information to enable it to account for the plan as a defined benefit plan, it accounts for the plan as a defined contribution plan.

2.15 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 20.

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

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

2. Accounting policies (continued)

2.16 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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

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

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

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

3. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

Pension

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Depecciation

The depreciation rates used to determine the charge for the year have been determined based on the Trustees' estimate of the useful economic life of the academy trust's assets or the length of the long term lease arrangements that the property is held under. To assist in their estimation of useful economic lives, the Trustees have reviewed the depreciation rates utilised by other academy trusts.

Accruals

Generally accruals are based on invoices or communications received from the supplier after the year end. When no such documentation is available managent estimate the liability based on prior year experience and any other information that they have available.

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

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

4. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Donations	10,461	-	10,461
Grants	-	100,295	100,295
Government grants	-	-	-
	<u>10,461</u>	<u>100,295</u>	<u>110,756</u>

	Unrestricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Donations	9,024	-	9,024
Grants	-	28,250	28,250
Donated fixed assets	-	70,772	70,772
	<u>9,024</u>	<u>99,022</u>	<u>108,046</u>

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

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

5. Funding for the academy's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
DfE/ESFA grants			
General annual grant	-	6,355,256	6,355,256
Other Dfe/ESFA grants	-	320,067	320,067
Other funding			
Special educational projects	-	182,585	182,585
Local authority grants	-	2,369	2,369
Other funding			
Other funding			
Trip Income	-	144,767	144,767
Music Tuition	19,290	-	19,290
School meals	308,093	-	308,093
	<u>327,383</u>	<u>7,005,044</u>	<u>7,332,427</u>

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
DfE/ESFA grants			
General annual grant	-	6,404,483	6,404,483
Other Dfe/ESFA grants	-	291,644	291,644
Special educational projects	-	189,076	189,076
Local authority grants	-	26,155	26,155
Trip Income	-	103,451	103,451
Music Tuition	17,068	-	17,068
School meals	285,020	-	285,020
	<u>302,088</u>	<u>7,014,809</u>	<u>7,316,897</u>

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6. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Other income	16,726	16,726	6,291
Lettings income	128,020	128,020	131,248
Catering income	7,263	7,263	7,233
	<u>152,009</u>	<u>152,009</u>	<u>144,772</u>

7. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Interest received	946	946	602
	<u>946</u>	<u>946</u>	<u>602</u>

8. Turnover

The whole of the turnover is attributable to the North Leamington School's educational operations.

The majority of the Trust's income relates to non-exchange transactions. The total received in non-exchange transactions during the year amounted to £6,971,033 (2018 - £7,019,404). This income consisted of donations and grants from the ESFA/DfE and other government bodies. There are no unfulfilled conditions or other contingencies attaching to resources from non-exchange transactions.

All turnover arose within the United Kingdom.

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FOR THE YEAR ENDED 31 AUGUST 2019

9. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Expenditure on fundraising trading activities:				
Direct costs	-	-	8,738	8,738
Educational operations:				
Direct costs	4,859,031	-	54,168	4,913,199
Allocated support costs	1,222,949	876,233	1,141,326	3,240,508
	<u>6,081,980</u>	<u>876,233</u>	<u>1,204,232</u>	<u>8,162,445</u>

	Staff Costs 2018 £	Premises 2018 £	Other 2018 £	Total 2018 £
Expenditure on fundraising trading activities:				
Direct costs	-	-	9,072	9,072
Educational operations:				
Direct costs	4,377,378	-	487,540	4,864,918
Allocated support costs	1,651,365	1,805,083	12,852,595	16,309,043
	<u>6,028,743</u>	<u>1,805,083</u>	<u>13,339,735</u>	<u>21,173,561</u>

10. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Educational operations	<u>338,651</u>	<u>7,815,056</u>	<u>8,153,707</u>

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NOTES TO THE FINANCIAL STATEMENTS
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10. Analysis of expenditure on charitable activities (continued)

Summary by fund type (continued)

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Educational operations	293,420	20,880,541	21,173,961

11. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Educational operations	4,913,199	3,240,508	8,153,707

	Activities undertaken directly 2018 £	Support costs 2018 £	Total funds 2018 £
Educational operations	4,864,918	16,309,043	21,173,961

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

11. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational operations 2019 £	Total funds 2019 £	Total funds 2018 £
Pension	68,000	68,000	67,000
Staff costs	1,669,949	1,669,949	1,653,988
Depreciation	515,250	515,250	495,092
Technology costs	63,137	63,137	53,415
Educational supplies	28,277	28,277	16,344
Staff development	20,521	20,521	28,558
Recruitment and support	30,389	30,389	26,949
Maintenance of premises and equipment	132,748	132,748	131,240
Cleaning	9,960	9,960	12,326
Rent & rates	72,192	72,192	74,045
Energy costs	146,083	146,083	144,016
Insurance	79,915	79,915	48,070
Security and transport	15,160	15,160	18,028
Catering	335,920	335,920	293,418
Other support costs	13,455	13,455	53,211
Fixed asset revaluation	-	-	13,150,991
Auditors' remuneration	10,400	10,400	10,000
Legal & professional	25,083	25,083	32,352
Donations	4,069	4,069	-
	<u>3,240,508</u>	<u>3,240,508</u>	<u>16,309,043</u>

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

12. Analysis of specific expenses

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Gifts made by the trust	40	-	

13. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	16,852	16,582
Depreciation of tangible fixed assets	500,102	495,092
Fees paid to auditors for:		
- audit	10,400	10,000
- other services	3,850	3,700
	<u>10,400</u>	<u>10,000</u>

14. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	4,576,244	4,554,406
Social security costs	432,208	429,229
Pension costs	1,024,498	1,025,173
	<u>6,032,950</u>	<u>6,008,808</u>
Agency staff costs	49,030	1,242
Staff restructuring costs	-	18,693
	<u>6,081,980</u>	<u>6,028,743</u>

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

14. Staff costs (continued)

a. Staff costs (continued)

Staff restructuring costs comprise:

Redundancy payments	-	18,693
	-	18,693

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	77	79
Administration	85	89
Management	9	10
	171	178

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	2	1
In the band £100,001 - £110,000	1	1
	1	1

d. Key management personnel

The Key management personnel of the academy comprise the governors and senior management team 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 was £724,195 (2018 - £732,470).

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15. Trustees' remuneration and expenses

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

		2019	2018
		£	£
J Mitchell	Remuneration	100,000 - 105,000	100,000 - 105,000
	Pension contributions paid	15,000 - 20,000	10,000 - 15,000
S Owen	Remuneration	25,000 - 30,000	25,000 - 30,000
	Pension contributions paid	5,000 - 10,000	5,000 - 10,000

During the year, retirement benefits were accruing to 2 Trustees (2018 - 2) in respect of defined benefit pension schemes.

During the year, no Trustees received any benefits in kind (2018 - £NIL).

During the year ended 31 August 2019, expenses totalling £490 were reimbursed or paid directly to 2 Trustees (2018 - £533 to 2 Trustees). £189 of this related to travel and £301 to reimbursement for expenditure incurred on behalf of the school.

The articles of association permit the remuneration of Staff Trustees for the 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.

16. Trustees' and Officers' insurance

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

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NOTES TO THE FINANCIAL STATEMENTS
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17. Tangible fixed assets

	Long-term leasehold property £	Computer equipment £	Total £
Cost or valuation			
At 1 September 2018	25,117,000	275,424	25,392,424
Additions	-	101,873	101,873
At 31 August 2019	<u>25,117,000</u>	<u>377,297</u>	<u>25,494,297</u>
Depreciation			
At 1 September 2018	432,860	67,242	500,102
Charge for the year	433,387	81,863	515,250
At 31 August 2019	<u>866,247</u>	<u>149,105</u>	<u>1,015,352</u>
Net book value			
At 31 August 2019	<u>24,250,753</u>	<u>228,192</u>	<u>24,478,945</u>
At 31 August 2018	<u>24,684,140</u>	<u>208,182</u>	<u>24,892,322</u>

A lease between Warwickshire County Council and North Leamington School has been prepared so that the building used by the maintained school can be used by the Academy. This lease is for 125 years.

18. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	-	3,068
Credit note reserve	(87)	(1,012)
VAT recoverable	29,601	14,505
Prepayments and accrued income	99,877	207,868
	<u>129,391</u>	<u>224,429</u>

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FOR THE YEAR ENDED 31 AUGUST 2019

19. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	38,578	34,377
Other creditors	18,529	10,276
Accruals and deferred income	133,733	346,297
	190,840	390,950
	190,840	390,950
	2019 £	2018 £
Deferred income at 1 September 2018	77,826	3,000
Resources deferred during the year	69,565	77,826
Amounts released from previous periods	(77,826)	(3,000)
	69,565	77,826
	69,565	77,826

20. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at fair value through income and expenditure	1,371,211	1,348,213
Financial assets that are debt instruments measured at amortised cost	62,985	113,395
	1,434,196	1,461,608
	1,434,196	1,461,608
	2019 £	2018 £
Financial liabilities		
Financial liabilities measured at amortised cost	(121,275)	(313,124)
	(121,275)	(313,124)
	(121,275)	(313,124)

Financial assets measured at fair value through income and expenditure comprise of cash at bank. The value of this asset is determined with reference to the bank statements at the year end.

Financial assets that are debt instruments measured at amortised cost comprise of trade debtors, other debtors, VAT receivable and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

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21. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfer in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Designated funds						
Capital contingency fund	100,000	-	-	251,370	-	351,370
General funds						
General Funds	986,952	490,799	(347,389)	(252,948)	-	877,414
Total Unrestricted funds	1,086,952	490,799	(347,389)	(1,578)	-	1,228,784
Restricted funds						
General Annual Grant (GAG)	94,740	6,355,256	(6,369,018)	-	-	80,978
Other DfE/ESFA grants	-	320,067	(320,067)	-	-	-
Special education grants	-	182,585	(182,585)	-	-	-
Other income	-	147,136	(147,136)	-	-	-
Pension reserve	(2,353,000)	-	(281,000)	-	(897,000)	(3,531,000)
	(2,258,260)	7,005,044	(7,299,806)	-	(897,000)	(3,450,022)
Restricted fixed asset funds						
Transferred on conversion	24,684,140	-	(432,860)	-	-	24,251,280
Capital grants	30,726	100,295	(33,149)	-	-	97,872
Funded from revenue	124,441	-	(31,484)	1,578	-	94,535
Donated fixed assets	53,015	-	(17,757)	-	-	35,258
	24,892,322	100,295	(515,250)	1,578	-	24,478,945
Total Restricted funds	22,634,062	7,105,339	(7,815,056)	1,578	(897,000)	21,028,923
Total funds	23,721,014	7,596,138	(8,162,445)	-	(897,000)	22,257,707

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

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

21. Statement of funds (continued)

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

The capital contingency designated fund is to support the schools requirements for a high specification facility, intended for future high cost expenditure. No such expenditure in the current year, so the fund balance remains unutilised.

The General Annual Grant (GAG) has been provided by the DfE in order to fund the normal running costs of the Academy.

Other DfE/ESFA grants include further grants received from the DfE/ESFA including pupil premium and sports grants.

The special educational grants fund relates to the income received and expenditure on educating pupils with special educational needs.

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

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

21. Statement of funds (continued)

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

	Balance at 1 Sept, 2017 £	Income £	Expenditure £	Transfer in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Designated funds						
Capital contingency fund	50,000	-	-	50,000	-	100,000
General funds						
General Funds	975,607	456,486	(324,881)	(120,260)	-	986,952
Total Unrestricted funds	1,025,607	456,486	(324,881)	(70,260)	-	1,086,952
Restricted funds						
General Annual Grant (GAG)	-	6,404,483	(6,309,743)	-	-	94,740
Other DfE/ESFA grants	-	291,644	(291,644)	-	-	-
Special education grants	-	189,076	(189,076)	-	-	-
Other income	-	129,606	(129,606)	-	-	-
Pension reserve	(2,588,000)	-	(292,000)	-	527,000	(2,353,000)
	<u>(2,588,000)</u>	<u>7,014,809</u>	<u>(7,212,069)</u>	<u>-</u>	<u>527,000</u>	<u>(2,258,260)</u>
Restricted fixed asset funds						
Transferred on conversion	38,267,991	-	(13,583,851)	-	-	24,684,140
Capital grants	11,283	28,250	(8,807)	-	-	30,726
Funded from revenue	89,849	-	(35,668)	70,260	-	124,441
Donated fixed assets	-	70,772	(17,757)	-	-	53,015
	<u>38,369,123</u>	<u>99,022</u>	<u>(13,646,083)</u>	<u>70,260</u>	<u>-</u>	<u>24,892,322</u>
Total Restricted funds	35,781,123	7,113,831	(20,858,152)	70,260	527,000	22,634,062
Total funds	36,806,730	7,570,317	(21,183,033)	-	527,000	23,721,014

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NOTES TO THE FINANCIAL STATEMENTS
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22. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	24,478,945	24,478,945
Current assets	1,419,624	80,978	-	1,500,602
Creditors due within one year	(190,840)	-	-	(190,840)
Provisions for liabilities and charges	-	(3,531,000)	-	(3,531,000)
Total	1,228,784	(3,450,022)	24,478,945	22,257,707

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	24,892,322	24,892,322
Current assets	1,477,902	94,740	-	1,572,642
Creditors due within one year	(390,950)	-	-	(390,950)
Provisions for liabilities and charges	-	(2,353,000)	-	(2,353,000)
Total	1,086,952	(2,258,260)	24,892,322	23,721,014

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

23. Reconciliation of net expenditure to net cash flow from operating activities

	2019	2018
	£	£
Net expenditure for the year (as per Statement of financial activities)	(566,307)	(13,612,716)
Adjustments for:		
Depreciation	515,250	495,092
Loss on revaluation of fixed assets	-	13,150,991
Bank interest	(946)	(602)
Decrease/(increase) in debtors	95,038	(22,819)
Decrease in creditors	(200,110)	(103,547)
Capital grants from DfE and other capital income	(100,295)	(28,250)
Donated fixed assets	-	(70,772)
Defined benefit pension scheme cost less contributions payable	213,000	225,000
Defined benefit pension scheme finance cost	68,000	67,000
Net cash provided by operating activities	23,630	99,377

24. Cash flows from investing activities

	2019	2018
	£	£
Interest	946	602
Purchase of tangible fixed assets	(101,873)	(98,510)
Capital grants from DfE Group	100,295	28,250
Net cash used in investing activities	(632)	(69,658)

25. Analysis of cash and cash equivalents

	2019	2018
	£	£
Cash in hand	1,371,211	1,348,213
Total cash and cash equivalents	1,371,211	1,348,213

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

26. Pension commitments

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

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

Contributions amounting to £68,322 were payable to the schemes at 31 August 2019 (2018 - £68,322) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

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

The employer's pension costs paid to TPS in the year amounted to £506,583 (2018 - £509,497).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £382,000 (2018 - £359,000), of which employer's contributions totalled £302,000 (2018 - £282,000) and employees' contributions totalled £ 80,000 (2018 - £77,000). The agreed contribution rates for future years are 15.8 per cent for employers and a range of 5.5 to 7.5 per cent for employees.

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

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	2.9	2.90
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	1.9	2.8

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	21.4	22.5
Females	23.6	24.7
<i>Retiring in 20 years</i>		
Males	22.4	24.3
Females	25	26.7

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

Sensitivity analysis

	2019 £000	2018 £000
Discount rate -0.5%	853,000	614,000
Salary increase rate +0.5%	161,000	135,000
CPI rate +0.5%	673,000	468,000

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	1,704,300	1,424,000
Bonds	726,400	497,000
Property	335,300	271,000
Cash and other liquid assets	28,000	68,000
Total market value of assets	2,794,000	2,260,000

The actual return on scheme assets was £173,000 (2018 - £102,000).

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

	2019 £	2018 £
Current service cost	515,000	507,000
Interest income	69,000	50,000
Interest cost	(137,000)	(117,000)
Total amount recognised in the Statement of financial activities	447,000	440,000

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

26. Pension commitments (continued)

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

	2019 £	2018 £
At 1 September	4,613,000	4,399,000
Transferred out on existing academies leaving the trust	515,000	507,000
Interest cost	137,000	117,000
Employee contributions	80,000	77,000
Actuarial losses/(gains)	980,000	(487,000)
At 31 August	<u>6,325,000</u>	<u>4,613,000</u>

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

	2019 £	2018 £
At 1 September	2,260,000	1,811,000
Interest income	69,000	50,000
Actuarial gains	83,000	40,000
Employer contributions	302,000	282,000
Employee contributions	80,000	77,000
At 31 August	<u>2,794,000</u>	<u>2,260,000</u>

27. Operating lease commitments

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

	2019 £	2018 £
Not later than 1 year	16,582	16,582
Later than 1 year and not later than 5 years	19,645	36,227
	<u>36,227</u>	<u>52,809</u>

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

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

28. 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.

29. 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.

The related party transactions relating to certain trustee's remuneration and expenses are disclosed in note 11.

Browne Jacobson LLP are a related party as a result of Member Trustee and Chair of Governors Richard Freeth being a partner of the LLP. During the year, North Leamington School paid £1,910 (2018 - £2,649) to Browne Jacobson LLP for legal and professional services. These purchases were in accordance with the academy's financial regulations and procurement procedures.

Owing to the nature of the academy's operations 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 a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

30. Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the academy trust received £15,933 (2018 - £18,209) and disbursed £7,841 (2018 - £7,933) from the fund. An amount of £18,368 (2018 - £10,276) is included in other creditors relating to undistributed funds that is repayable to ESFA.