

REGISTERED COMPANY NUMBER: 08337745 (England and Wales)

Governors' Report and  
Financial Statements  
for the Year Ended 31 August 2020  
for  
Canon Pyon CE Academy

Thorne Widgery Accountancy Ltd  
Chartered Accountants  
Statutory Auditors  
2 Wyevale Business Park  
Kings Acre  
Hereford  
Herefordshire  
HR4 7BS

Contents of the Financial Statements  
for the Year Ended 31 August 2020

	Page
Reference and Administrative Details	1 to 2
Governors' Report	3 to 9
Governance Statement	10 to 12
Statement on Regularity, Propriety and Compliance	13
Statement of Governors' Responsibilities	14
Report of the Independent Auditors	15 to 17
Independent Accountant's Report on Regularity	18 to 19
Statement of Financial Activities	20
Balance Sheet	21
Cash Flow Statement	22
Notes to the Cash Flow Statement	23
Notes to the Financial Statements	24 to 41
Detailed Statement of Financial Activities	42 to 43

Canon Pyon CE Academy

Reference and Administrative Details  
for the Year Ended 31 August 2020

<b>MEMBERS:</b>	Mr C Kent Preb Rev J Davies Mr H W G Patterson Diocese of Hereford Educational
<b>GOVERNORS</b>	Mr H W G Patterson (resigned 31.8.20) * Mrs P A C Patterson Mrs P L Kistorz Teacher Mr C Kent * Mr D G Barnard Mrs K Western Mrs K Carpenter (appointed 14.11.19) Mrs A Garland (appointed 15.11.19)
	* members of the finance and general purpose committee
<b>SENIOR MANAGEMENT TEAM</b>	Mr P Box                      Executive Head  Ms N Jones                    Chief Financial Officer (resigned 28.02.2020) Mrs S Williams                Chief Financial Office (appointed 01.03.2020) Mrs G Simpson                School Business Manager
<b>ACCOUNTING OFFICER</b>	Mr P Box (Executive Head Teacher)
<b>COMPANY NAME</b>	Canon Pyon CE Academy
<b>COMPANY SECRETARY</b>	Mrs G M Simpson
<b>REGISTERED OFFICE</b>	Canon Pyon Hereford Herefordshire HR4 8PF
<b>REGISTERED COMPANY NUMBER</b>	08337745 (England and Wales)
<b>SENIOR STATUTORY AUDITOR</b>	Mr Kevin M Tong FCCA, ACA
<b>INDEPENDENT AUDITORS</b>	Thorne Widgery Accountancy Ltd Chartered Accountants Statutory Auditors 2 Wyevale Business Park Kings Acre Hereford Herefordshire HR4 7BS
<b>SOLICITORS</b>	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B3 2ES

**BANKERS**

Lloyds Bank  
6-8 High Street  
Hereford  
HR1 2AE

The governors who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2020. The governors have adopted the provisions of 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) (effective 1 January 2019) and the Academies Accounts Direction issued by the Education and Skills Funding Agency.

## **OBJECTIVES AND ACTIVITIES**

### **Objectives and aims**

The principal object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular, by establishing, maintaining, carrying on, managing and developing a school offering a broad range of curriculum of pupils of different abilities.

The aims of the Academy during the period ended 31 August 2019 are summarised below:

- \* to continue to raise the standard of educational attainment and achievement of all pupils
- \* to provide a broad and balanced curriculum, including extra-curricular activities
- \* to develop students as more effective learners
- \* to develop the Academy sites so that it enables students to achieve their full potential
- \* to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care
- \* to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review
- \* to provide value for money for the funds expended
- \* to fulfil the role of a teaching school
- \* to develop greater coherence, clarity and effectiveness in school systems
- \* to comply with all appropriate statutory and curriculum requirements
- \* to develop the Academy's capacity to manage change, and
- \* to conduct the Academy's business in accordance with the highest standards and integrity, probity and openness.

We aim to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy continues to maintain and manage a school with a designated Church of England religions character, arranging for religious education and daily acts of worship. Our Academy is a community in which children, staff and parents should be part of a happy and caring environment.

### **Objectives, Strategies and Activities**

Key priorities for the year are contained in the school's Strategic Development Plan which is available from each member of the Senior Leadership Team.

### **Public benefit**

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives. All our charitable activities are undertaken to further our charitable purposes for the public benefit.

### **FUNDRAISING**

No significant fundraising activities carried out during the year.

## **ACHIEVEMENT AND PERFORMANCE**

### **Charitable activities**

Canon Pyon CE Academy has taken part in a wide range of Federation and cluster activities including residential, arts and sporting activities.

Teachers have received training in Talk4Writing, Talk4Reading and Developing Reasoning which has had a positive impact on classroom practice. We are now part of a project with the NCETM to develop Mastery in Maths.

Due to COVID 19 pandemic, there were no assessments carried out during 2019/20.

### **Key financial performance indicators**

These are covered throughout the Governors' Report.

## **FINANCIAL REVIEW**

### **Financial Review**

The majority of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2020 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the DfE in accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP FRS102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned as defined in the Academy's accounting policies.

During the period ended 31 August 2020, total expenditure of £357,499 (2019: £390,388) was covered by recurrent grant funding from the DfE. The net resources expended before transfers and revaluations for the period was a surplus of £6,301 (2019: £11,629 deficit).

At 31 August 2020, the net book value of fixed assets was £987,343 (2019: £1,007,649) and movements in tangible fixed assets are shown in the notes to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

### **Investment policy**

The school will invest any surplus funds on deposit to ensure it maximises its return

### **Reserves policy**

The governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Academy's current level of unrestricted reserves is £6,119 (2019: £Nil), all of which is free reserves (total funds less the amount held in fixed assets and restricted funds). The level of general restricted reserves is a surplus of £36,316 (2019: £1,828).

### **Going concern**

The Governing Body is cautious in adopting the going concern basis as although appropriate action is being taken and tight budgetary controls in place to ensure reserves remain in surplus these are not considered a sufficient contingency should unforeseen expenditure arise.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

### **Funds in deficit**

The trust is carrying a net surplus of £29,552 (2019: net deficit of £1,304) on the general annual grant fund. Further details of funds in deficit is also included in the funds note in the financial statements.

### **FUTURE PLANS**

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

#### **Ensuring high quality teaching and learning**

- Ensure that all teachers are using Basic Skills English and Maths, Talk4Writing, Talk4Reading and Developing Reasoning in Maths and Maths Mastery.
- Ensure that assessment is a dialogue between teacher and child which moves learning forward.
- Provide high quality intervention in the Early Years to address speech and language issues; particularly the deficit in vocabulary for disadvantaged children.
- To provide intervention and support for older children to minimise the vocabulary gap.

#### **Developing the creative curriculum**

- Ensure that every opportunity to further enhance the already very creative curriculum is taken.
- Review the current curriculum and ensure that there is progression of skills and knowledge through the school.

#### **Strengthen leadership**

- Ensure that all Senior Leaders have a good understanding of financial systems and are engaged in the setting of balanced budgets.
- Develop strategic awareness for Heads of School.
- Develop the work scrutiny cycle for Governors and Directors.

Ensure clear accountability and highly effective communication.

- Ensure that Head of School contributes to the Heads Report as the key accountability document for Governors and Directors.
- Ensure that progress data is available each term for all groups of children.
- Ensure that Senior Leaders meet regularly and that communication is effective between the leadership team and with all stakeholders.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Company was incorporated on the 20th December 2012 and converted from a Local Authority School to an Academy Trust on the 1st February 2013.

The governors act as the trustees for the charitable activities of Canon Pyon CE Academy and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Canon Pyon CE Academy.

Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details at the start of this report.

#### **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.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Governors' Indemnities**

Governors benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the governors knew to be a breach of trust or breach of duty or which was committed by the governors in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the governors in their capacity as directors of the Academy Trust.

The liability insurance is provided by Arthur J Gallagher Insurance Brokers Ltd

### **Principal activities**

This is defined in the Articles of Association.

### **Recruitment and appointment of new trustees**

This is defined in the Articles of Association:

The Members may appoint up to 4 Governors.

The Members may appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Principal) who are employees of the Academy Trust does not exceed one-third of the total number of Governors.

The Foundation Governors shall be two persons appointed by the Diocesan Board of Education after consultation with Canon Pyon Parochial Church Council plus the principal officiating minister for the time being in the parish of Canon Pyon or in the event of there not being such an officiating minister then such person as may be appointed by the Archdeacon of Hereford. Further, the Foundation Members may appoint further additional Foundation Governors provided that the total number of Foundation Governors would not thereby exceed 25% of the total number of Governors.

The Exec Headteacher shall be treated for all purposes as being an ex officio Governor.

Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he is elected.

The Governing Body shall make all necessary arrangements for, and determine all other matters relating to, an election of Parent Governors, including any question of whether a person is a parent of a registered pupil at the Academy. Any election of Parent Governors which is contested shall be held by secret ballot.



## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Organisational structure**

The Academy together with its close links to HMFA has a leadership structure which consists of the governors, The Senior Leadership Team and Team Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels. The Exec Headteacher is the Accounting Officer. The HMFA wider federation has a collaboration agreement between nine schools which formalises the Associate Membership of the MAT.

The governors are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Senior Management Team consists of the Executive Head Teacher, Head of School, School Business Manager and Chief Financial Officer. These leaders direct the Academy at an executive level implementing the policies laid down by the governors and reporting back to them. The Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Senior Management Team always contain a governor. Some spending control is devolved to members of the Senior Management Team, with limits above which the Executive Head Teacher must countersign.

Heads of Department are responsible for the day to day operation of curriculum subject areas and accordingly organise their teaching staff, capitation resources, facilities and students.

### **Induction and training of new trustees**

The training and induction provided for new Directors will depend upon their existing experience but would always include an invitation to tour the Academy and a chance to meet staff and pupils. All Directors are provided with an induction pack dependent upon their role.

Governor Quality Assurance days are held for Directors and Governors where they visit the schools and involves work scrutiny, talking to pupils, learning walks and observations. However due to COVID19, this has not been done since March 2020.

Governors and Directors are encouraged to register with Activate Central Ltd. and enrol on relevant training courses to support them in their role, this is provided free of charge.

### **Key management remuneration**

The academy runs a rigorous system of performance management and appraisal which is linked to performance-related pay progression.

### **Connected Organisations, including Related Party Relationships**

The Academy has strong collaborative links with eight other primary schools; Llangrove CE Academy, St Weonard's CE Primary School, Pencombe CE Primary School, Marden Academy, Clehonger Primary School, Lord Scudamore Academy, Kings Caple Academy and Sutton Primary Academy. The last three named are a MAT. Peter Box is Executive Headteacher at Llangrove CE Academy and Clehonger Primary and CEO of the MAT.

Related Party Relationships have been recorded on a Register of Director's Declarations of Interest and any additional declarations noted at the start of each Board of Directors Meeting. The following companies have been identified as having a Related Party Relationship as they share common Directors; Activate Central Ltd, Canon Pyon Kids & Capers (T/A Pippins), HMFA, and Llangrove CE Academy.

### **Risk management**

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

### **FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Directors have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas through the Risk Register, reviewed June 2019 (a working document). The governors have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

It is important to be aware that the freeze on Government's overall education budget (a reduction per pupil in real terms), changes in funding arrangements for special educational needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years. Added to this is the uncertain political future and the potential damaging effect of Brexit. The proposed increases in spending on education are far from guaranteed.

The governors examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Board of Directors' and Resource Committee meetings.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Governors consider that the principal risks and uncertainties facing the Academy are:

- Meeting requisite standards of education for students in core subjects
- Complying with legislative requirements regarding employment law, data protection, discrimination, Companies House and HMRC, child protection, the Charity Commission and the National Curriculum.
- Financial risk - not operating within its budget and running a deficit, changes in funding, inappropriate or insufficient financial controls and systems, fraudulent activity and/or financial commitments made without adequate authorisation.
- Operational risks resulting from inexperienced or inappropriate staff being employed and inaccurate, out of date or inappropriate information.  
Reputational - the continuing success of the Academy is dependant on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors
- ensure that student success and achievement are closely monitored and reviewed.  
Safeguarding and child protection - the Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline. Relevant staff receive safer recruitment training and all staff
- receive relevant safeguarding training, including Prevent, and are issued with relevant documents.  
Staffing - the success of the Academy is reliant on the quality of its staff and so the Governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning. The Academy follows the STPCD and local policy guidelines. Any significant government legislative changes to teachers pay and conditions will therefore have an
- impact.

The key controls used by the Academy include:

- Detailed terms of reference for all committees
- Formal agendas for the Academy board and committees
- Schemes of delegation and formal financial regulations
- Formal written policies
- Clear authorisation and approval levels
- Policies and procedures required by law to protect the vulnerable

### **AUDITORS**

Insofar as the governors are aware:

- \* there is no relevant audit information of which the Charitable Company's Auditor is unaware; and
- \* the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Governors' Report  
for the Year Ended 31 August 2020

Governors' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on .....18/12/2020..... and signed on its behalf by:

.....  
Mr C Kent - Governor

Governance Statement  
for the Year Ended 31 August 2020

**Scope of Responsibility**

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

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

The board of the governors has delegated the day-to-day responsibility to the Principal, 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 Canon Pyon CE Academy and the Secretary of State for Education. They are also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Governors’ Report and in the Statement of Governors’ Responsibilities. The board of governors has formally met 3 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Effective financial oversight is maintained as the Resource & Finance Committee also meet 3 times during the year and Pay Review Committee meet annually, this is in addition to any un-scheduled meetings which may arise such as extra-ordinary board meetings or disciplinary/sub-committee meetings. The trust acknowledges that it’s Directors are volunteers and any further meetings would be an unreasonable expectation.

<b>Governor</b>		<b>Meetings Attended</b>	<b>Out of a possible</b>
Mr H Patterson	Chair of Directors	3	3
Mr P Box	Principal Accounting Officer	3	3
Rev. J Davies		3	3
Mrs P Patterson		2	3
Mrs P Kostorz		2	3
Mr C Kent		2	3
Mr D Barnard		3	3
Mrs K Western		3	3
Ms K Carpenter		3	3
Ms A Garland		2	3

**Governance Review**

The Academy annually reviews the skills set of the Governors to ensure a board range of knowledge/expertise is represented.

The Resource & Finance Committee is a sub-committee of the main Governing Body. Its purpose is to consider and advise the governing body on standards and other matters relating to the school’s finance and resources, including statutory requirements and the school’s financial policy.

<b>Governor</b>	
Mr P Box	Principal Accounting Officer
Mr H Patterson	Chair of Directors
Ms N Jones/Mrs S Williams	Chief Financial Officers
Mr W Hanson	
Mr C Kent	
Mrs G Simpson	School Business Manager
S Coles	Head of School
Mrs K Carpenter	Head of School

**Review of Value for Money**

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

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

The chief financial officer for the academy trust has delivered improved value for money during the year by regularly reviewing all aspects of spending and cash flow. The academy trust cash flow position has maintained a stable position through agreement with suppliers of payment instalment plans for annual charges.

The Head of School & Chief Financial Officer undertook an annual review of Educational Support Staff hours taking into consideration flexibility within existing staff contracts and terms of employment and also pupils' needs in order to ascertain whether current staffing levels were suitable and affordable. SEN needs had increased which meant a new appointment however it was identified that experienced support staff could be deployed more effectively to help cover short term absences, non-contact & PPA time.

Canon Pyon CE Academy is a member of the Herefordshire Marches Federation of Academies and has strong links with the eight other members; Lord Scudamore Academy, Kings Caple Primary Academy, Sutton Primary Academy, Llangrove CE Academy, Marden Academy, St Weonard's Primary School, Pencombe CE Primary School and Clehonger CofE Primary. Costs can be reduced by sharing resources, specialist staff, vehicles and combining pupil extra-curricular activities. Examples of this include; professional services, advertising, marketing, IT licences and software. Where possible, we negotiate and purchase services as a group to obtain discount and best rate.

As members of Activate Central Ltd; a network of local primary schools within the county which focuses on professional development and training, the academy trust can access professional development opportunities and specialist educational training courses free of charge.

**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 charitable company 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 Canon Pyon CE Academy for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

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

Governance Statement  
for the Year Ended 31 August 2020

**The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body.
- 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 Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, a peer review will be undertaken by Rachael Lovell, Academy Business Manager for Stretton Sugwas Academy

**Review of Effectiveness**

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes 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 governors on .....18/12/2020..... and signed on its behalf by:

  
.....  
Mr C Kent - Governor

  
.....  
Peter Box - Accounting Officer

Canon Pyon CE Academy

Statement on Regularity, Propriety and Compliance  
for the Year Ended 31 August 2020

As accounting officer of Canon Pyon CE Academy I have considered my responsibility to notify the charitable company board of governors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the charitable company, under the funding agreement in place between the charitable company and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the charitable company board of governors are able to identify any material irregular or improper use of funds by the charitable company, or material non-compliance with the terms and conditions of funding under the charitable company's funding agreement and the Academies Financial Handbook 2019.

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

  
.....  
Peter Box - Accounting Officer

Date: .....18/12/2020.....

Statement of Governors' Responsibilities  
for the Year Ended 31 August 2020

The governors (who act as trustees of Canon Pyon CE Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Academies Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the governors are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

In so far as the governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the governors 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.

In preparing these financial statements, the trustees are required to state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The governors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

Approved by order of the members of the board of governors on ....18/12/2020..... and signed on its behalf by:



.....  
Mr C Kent - Governor



### **Opinion**

We have audited the financial statements of Canon Pyon CE Academy (the 'charitable company') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

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

### **Basis for opinion**

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

### **Conclusions relating to going concern**

Material uncertainty relating to going concern

We draw attention to page 20 in the financial statements, which shows that the Academy incurred a modest net surplus of £6,301 during the year ended 31 August 2020, following net expenditure of £11,629 during the year ended 31 August 2019. This has been partly influenced by COVID19 in the year, therefore please refer to note 18 in the notes to the financial statements to highlight how the academy is addressing their financial position. If these actions were to prove to be unsuccessful, this may indicate that a material uncertainty exists and may cast doubt on the Academy's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

### **Other information**

The governors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

**Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters where 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 governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the governors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the governors' Report.

**Responsibilities of governors**

As explained more fully in the Statement of Governors' Responsibilities, the governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors 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 governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**Our responsibilities for the audit of the financial statements**

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

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

Report of the Independent Auditors to the Members of  
Canon Pyon CE Academy

**Use of our report**

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



Mr Kevin M Tong *FCCA*, ACA (Senior Statutory Auditor)  
for and on behalf of Thorne Widgey Accountancy Ltd  
Chartered Accountants  
Statutory Auditors  
2 Wyevale Business Park  
Kings Acre  
Hereford  
Herefordshire  
HR4 7BS

Date: ..... 21/12/2020 .....

**Note:**

The maintenance and integrity of the Canon Pyon CE Academy website is the responsibility of the governors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Independent Reporting Accountant's Assurance Report on Regularity to  
Canon Pyon CE Academy and the Education and Skills Funding Agency

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

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

**Respective responsibilities of Canon Pyon CE Academy's accounting officer and the reporting accountant**

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

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

**Approach**

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

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

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 charitable company's income and expenditure.

The work undertaken to draw our conclusions includes:

- detailed testing of a sample of items of income and expenditure to ensure appropriately applied for the purposes intended
- specific testing, on a sample basis, of system controls relevant to the above
- a general review of correspondence with the appropriate authorities regarding Academy governance matters during the year
- a general review and discussion of the Academy's internal procedures for establishing and maintaining systems of control and documentation regarding these matters

This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

Without qualifying our opinion, we would like to refer to the related and connected party transactions highlighted in the notes in the attached accounts.

**Conclusion**

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

Independent Reporting Accountant's Assurance Report on Regularity to  
Canon Pyon CE Academy and the Education and Skills Funding Agency

Thorne Widgey Accountancy Ltd  
Chartered Accountants  
2 Wyevale Business Park  
Kings Acre  
Hereford  
Herefordshire  
HR4 7BS



Date: .....21/12/2020.....

Statement of Financial Activities  
(Incorporating an Income and Expenditure Account)  
for the Year Ended 31 August 2020

				31.8.20	31.8.19	
	Notes	Unrestricted fund £	Restricted Fixed Asset Funds £	Restricted General Fund £	Total funds £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>						
Donations and capital grants	2	-	4,935	13,265	18,200	30,916
<b>Charitable activities</b>						
Funding for the academy's educational operations	3	-	-	455,390	455,390	448,573
Other trading activities	4	6,094	-	9,904	15,998	13,212
Investment income	5	<u>25</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>25</u>
<b>Total</b>		<b>6,119</b>	<b>4,935</b>	<b>478,559</b>	<b>489,613</b>	<b>492,726</b>
<b>EXPENDITURE ON Charitable activities</b>						
Academy's educational operations		-	25,241	458,071	483,312	504,355
<b>Total</b>	6	<b>-</b>	<b>25,241</b>	<b>458,071</b>	<b>483,312</b>	<b>504,355</b>
<b>NET INCOME/(EXPENDITURE)</b>		<b>6,119</b>	<b>(20,306)</b>	<b>20,488</b>	<b>6,301</b>	<b>(11,629)</b>
<b>Other recognised gains/(losses)</b>						
Actuarial gains/(losses) on defined benefit schemes		<u>-</u>	<u>-</u>	<u>17,000</u>	<u>17,000</u>	<u>(83,000)</u>
<b>Net movement in funds</b>		<b>6,119</b>	<b>(20,306)</b>	<b>37,488</b>	<b>23,301</b>	<b>(94,629)</b>
<b>RECONCILIATION OF FUNDS</b>						
<b>Total funds brought forward</b>		<b>-</b>	<b>1,007,649</b>	<b>(332,172)</b>	<b>675,477</b>	<b>770,106</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b><u>6,119</u></b>	<b><u>987,343</u></b>	<b><u>(294,684)</u></b>	<b><u>698,778</u></b>	<b><u>675,477</u></b>

Balance Sheet  
31 August 2020

	Notes	31.8.20 £	31.8.19 £
<b>FIXED ASSETS</b>			
Tangible assets	12	987,343	1,007,649
<b>CURRENT ASSETS</b>			
Debtors	13	6,450	13,302
Cash at bank and in hand		<u>82,854</u>	<u>17,497</u>
		89,304	30,799
<b>CREDITORS</b>			
Amounts falling due within one year	14	(46,869)	(28,971)
		<u>          </u>	<u>          </u>
<b>NET CURRENT ASSETS</b>		<u>42,435</u>	<u>1,828</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,029,778	1,009,477
<b>PENSION LIABILITY</b>	19	(331,000)	(334,000)
		<u>          </u>	<u>          </u>
<b>NET ASSETS</b>		<u>698,778</u>	<u>675,477</u>
<b>FUNDS</b>	18		
Unrestricted funds		6,119	-
Restricted funds:			
Restricted Fixed Asset Funds		981,865	998,873
Restricted Pension Fund		(331,000)	(334,000)
General Annual Grant		29,552	(1,304)
Other Restricted		6,764	3,132
ESFA capital		<u>5,478</u>	<u>8,776</u>
		<u>692,659</u>	<u>675,477</u>
<b>TOTAL FUNDS</b>		<u>698,778</u>	<u>675,477</u>

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Board of Governors and authorised for issue on .....18/12/2020..... and were signed on its behalf by:

  
.....  
Mr C Kent - Governor

Canon Pyon CE Academy

Cash Flow Statement  
for the Year Ended 31 August 2020

	Notes	31.8.20 £	31.8.19 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	<u>60,398</u>	<u>(4,270)</u>
Net cash provided by/(used in) operating activities		<u>60,398</u>	<u>(4,270)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		-	(9,907)
Capital grants from DfE/EFA		4,934	10,184
Interest received		<u>25</u>	<u>25</u>
Net cash provided by investing activities		<u>4,959</u>	<u>302</u>
<hr/>			
<b>Change in cash and cash equivalents in the reporting period</b>		65,357	(3,968)
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>17,497</u>	<u>21,465</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u>82,854</u>	<u>17,497</u>



Notes to the Cash Flow Statement  
for the Year Ended 31 August 2020

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.8.20 £	31.8.19 £
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	6,301	(11,629)
Adjustments for:		
Depreciation charges	20,307	18,138
Capital grants from DfE/ESFA	(4,934)	(10,184)
Interest received	(25)	(25)
Decrease in debtors	6,851	4,666
Increase/(decrease) in creditors	17,898	(25,236)
Difference between pension charge and cash contributions	<u>14,000</u>	<u>20,000</u>
<b>Net cash provided by/(used in) operations</b>	<b><u>60,398</u></b>	<b><u>(4,270)</u></b>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.9.19 £	Cash flow £	At 31.8.20 £
<b>Net cash</b>			
Cash at bank and in hand	<u>17,497</u>	<u>65,357</u>	<u>82,854</u>
	<u>17,497</u>	<u>65,357</u>	<u>82,854</u>
<b>Total</b>	<b><u>17,497</u></b>	<b><u>65,357</u></b>	<b><u>82,854</u></b>

## 1. ACCOUNTING POLICIES

### **Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2019 to 2020 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Canon Pyon CE Academy meets the definition of a public benefit entity under FRS 102.

### **Going concern**

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements. See note 18 for further details.

The Governors 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.

The Academy's current level of reserves (total funds less the amount held in fixed assets and restricted funds) is £6,119 (2019: £nil), all of which is free reserves. The level of general restricted reserves is £36,316 (2019: 1,828).

The Governors have prepared forecasts that indicate that income in the coming year is anticipated to exceed expenditure.

The Governors assessment that is appropriate to use the going concern assumption is based on the following:

- a) the Academy has adequate cash to fund its working capital requirements during this period;
- b) there is no significant unbudgeted expenditure or capital expenditure, unless supported by additional funding, during this period; and
- c) income is received in line with the forecast

The effects of Covid-19 have been considered within the Governors assessment.

On this basis the Trustees have concluded that the Academy has adequate resources to continue in operational existence for the foreseeable future and thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

### **Income**

All income is recognised in the Statement of Financial Activities once the academy trust has entitlement to the funds, it is probable that the income will be received 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.

**1. ACCOUNTING POLICIES - continued**

**Grants**

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

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

**Sponsorship income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably

**Donations**

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

**Other income**

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

**Donated goods, facilities and services**

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

**Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the academy trust to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

All resources expended are inclusive of irrecoverable VAT.

**Charitable activities**

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

**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, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

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

1. ACCOUNTING POLICIES - continued

**Tangible fixed assets**

Long leasehold buildings	2% Straight Line	per annum
Property Improvements	2% Straight Line	per annum
Fixtures, fittings and equipment	20% Straight Line	per annum
ICT equipment	33% Straight Line	per annum

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Land and buildings are not revalued.

Included within long leasehold is land and buildings that the academy occupies site under a Church Supplement Agreement with the Hereford Diocese Board of Education which gives the academy permission to occupy the site only. The Diocese Board of Education can give the academy a two year notice period to terminate the agreement and to be vacated from the site.

**Leased Assets**

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

**Investments**

Any surplus funds will be invested to ensure maximum deposit.

**Liabilities**

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

**Provisions**

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

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

**Financial instruments**

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

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

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**1. ACCOUNTING POLICIES - continued**

**Taxation**

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a Charitable Company for UK corporation tax purposes.

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

**Fund accounting**

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

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.

**Pension costs and other post-retirement benefits**

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

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

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

The annual valuation at 31 August 2020 has taken into account the effects of the McCloud judgement.

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

**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.

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

1. ACCOUNTING POLICIES - continued

**Critical accounting estimates and areas of judgement**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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.

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £	Restricted funds £	31.8.20 Total funds £	31.8.19 Total funds £
Grants and donations	-	474	474	1,616
Grants	-	4,935	4,935	10,184
School Trips	-	12,791	12,791	19,116
	<u>-</u>	<u>18,200</u>	<u>18,200</u>	<u>30,916</u>

All of the figures included in the comparatives related to restricted funds.

Grants received, included in the above, are as follows:

	31.8.20 £	31.8.19 £
Capital Grant	<u>4,935</u>	<u>10,184</u>

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.20 Total funds £	31.8.19 Total funds £
<b>DfE/ESFA revenue grant</b>				
General Annual Grant(GAG)	-	388,355	388,355	394,720
Other grant	-	59,131	59,131	45,571
	-	447,486	447,486	440,291
<b>Other government grant</b>				
Other government grant	-	7,904	7,904	8,282
	<u>-</u>	<u>455,390</u>	<u>455,390</u>	<u>448,573</u>

All of the figures included in the comparatives related to restricted funds.

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

4. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	31.8.20 Total funds £	31.8.19 Total funds £
Lettings income	4,000	-	4,000	6,000
Other income	<u>2,094</u>	<u>9,904</u>	<u>11,998</u>	<u>7,212</u>
	<u>6,094</u>	<u>9,904</u>	<u>15,998</u>	<u>13,212</u>

All of the figures included in the comparatives related to unrestricted funds.

5. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	31.8.20 Total funds £	31.8.19 Total funds £
Deposit account interest	<u>25</u>	<u>-</u>	<u>25</u>	<u>25</u>

All of the figures included in the comparatives related to unrestricted funds.

6. EXPENDITURE

	Non-pay expenditure			31.8.20	31.8.19
	Staff costs £	Premises £	Other costs £	Total £	Total £
<b>Charitable activities</b>					
<b>Academy's educational operations</b>					
Direct costs	244,563	16,260	60,880	321,703	355,983
Allocated support costs	<u>52,052</u>	<u>52,608</u>	<u>56,949</u>	<u>161,609</u>	<u>148,372</u>
	<u>296,615</u>	<u>68,868</u>	<u>117,829</u>	<u>483,312</u>	<u>504,355</u>

Net income/(expenditure) is stated after charging/(crediting):

	31.8.20 £	31.8.19 £
Auditors' remuneration	6,515	6,325
Auditors' remuneration for non audit work	1,333	965
Depreciation - owned assets	20,306	18,138
Operating leases	<u>-</u>	<u>1,638</u>

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

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.20 Total funds £	31.8.19 Total funds £
Direct costs	-	321,703	321,703	355,983
Support costs	<u>-</u>	<u>161,609</u>	<u>161,609</u>	<u>148,372</u>
	<u>-</u>	<u>483,312</u>	<u>483,312</u>	<u>504,355</u>
			31.8.20 Total £	31.8.19 Total £
<b>Analysis of support costs</b>				
Support staff costs			52,052	52,211
Administration costs			8,603	12,237
Premises costs			52,608	33,510
Other support costs			40,498	43,124
Governance costs			<u>7,848</u>	<u>7,290</u>
Total support costs			<u>161,609</u>	<u>148,372</u>

All of the figures included in the comparatives related to restricted funds.

8. GOVERNORS' REMUNERATION AND BENEFITS

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of governors' remuneration received during the period, was as follows:

G Simpson (staff governor) resigned 01.04.19		
Remuneration	£nil	(2019: £10,000 - £15,000)
Employers Pension Contribution	£nil	(2019: £0 - £5,000)
P Kistorz (staff governor)		
Remuneration	£35,000 - £40,000	(2019: £35,000 - £40,000)
Employers Pension Contribution	£5,000 - £10,000	(2019: £5,000 - £10,000)
R Wargen (staff governor) resigned 25.02.19		
Remuneration	£nil	(2019: £35,000 - £40,000)
Employers Pension Contribution	£nil	(2019: £5,000 - £10,000)
S Coles (staff governor) appointed 25.02.19 resigned 31.08.19		
Remuneration	£nil	(2019: £20,000 - £25,000)
Employers Pension Contribution	£nil	(2019: £0 - £5,000)
K Carpenter (staff governor) appointed 14.11.2019		
Remuneration	£40,000 - £45,000	(2019 : £nil)
Employers Pension Contribution	£0 - £5,000	(2019 : £nil)



**8. GOVERNORS' REMUNERATION AND BENEFITS - continued**

Other related party transactions involving the trustees are set out in the notes to the financial statements.

**Governors' expenses**

There were no governors' expenses paid for the year ended 31 August 2020 nor for the year ended 31 August 2019.

**9. STAFF COSTS**

	31.8.20	31.8.19
	£	£
Wages and salaries	227,011	244,388
Social security costs	15,186	17,578
Operating costs of defined benefit pension schemes	<u>50,341</u>	<u>44,207</u>
	292,538	306,173
Supply teacher costs	<u>4,077</u>	<u>2,015</u>
	<u>296,615</u>	<u>308,188</u>

The average number of persons (including senior management team) employed by the charitable company during the year was as follows:

	31.8.20	31.8.19
Teachers	6	4
Administration and support	4	6
Management	<u>2</u>	<u>2</u>
	<u>12</u>	<u>12</u>

No employees received emoluments in excess of £60,000.

**Key Management Personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £82,335 (2019: £106,269).

From 1 April 2018 Canon Pyon CE Academy entered a service level agreement with HMFA for executive head services. During the year £20,000 (2019: £20,000) was paid in relation to the executive head services.

In addition to this, Canon Pyon CE Academy also entered into a service level agreement with HMFA, for the provision of finance services provided by Ms N Jones, who is included within the senior management team on page 1. From 1 March 2020, the service level agreement was taken over by Barrs Court School for the provision of finance services provided by Mrs S Williams, who is included within the senior management team on Page 1. During the year £10,000 (2019: £10,000) was paid in relation to the finance services.

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

10. GOVERNORS' AND OFFICERS' INSURANCE

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

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted Fixed Asset Funds £	Restricted General Fund £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>				
Donations and capital grants	-	10,184	20,732	30,916
<b>Charitable activities</b>				
Funding for the academy's educational operations	-	-	448,573	448,573
Other trading activities	13,212	-	-	13,212
Investment income	25	-	-	25
<b>Total</b>	<b>13,237</b>	<b>10,184</b>	<b>469,305</b>	<b>492,726</b>
<b>EXPENDITURE ON</b>				
<b>Charitable activities</b>				
Academy's educational operations	-	18,415	485,940	504,355
<b>Total</b>	<b>-</b>	<b>18,415</b>	<b>485,940</b>	<b>504,355</b>
<b>NET INCOME/(EXPENDITURE)</b>	<b>13,237</b>	<b>(8,231)</b>	<b>(16,635)</b>	<b>(11,629)</b>
<b>Transfers between funds</b>	<b>(80,776)</b>	<b>-</b>	<b>80,776</b>	<b>-</b>
<b>Other recognised gains/(losses)</b>				
Actuarial gains/(losses) on defined benefit schemes	-	-	(83,000)	(83,000)
<b>Net movement in funds</b>	<b>(67,539)</b>	<b>(8,231)</b>	<b>(18,859)</b>	<b>(94,629)</b>
<b>RECONCILIATION OF FUNDS</b>				
<b>Total funds brought forward</b>	<b>67,539</b>	<b>1,015,880</b>	<b>(313,313)</b>	<b>770,106</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>	<b>-</b>	<b>1,007,649</b>	<b>(332,172)</b>	<b>675,477</b>

**12. TANGIBLE FIXED ASSETS**

	Long leasehold £	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>					
At 1 September 2019 and 31 August 2020	<u>1,092,000</u>	<u>14,700</u>	<u>2,000</u>	<u>12,504</u>	<u>1,121,204</u>
<b>DEPRECIATION</b>					
At 1 September 2019	107,000	1,470	1,999	3,086	113,555
Charge for year	<u>16,260</u>	<u>294</u>	<u>1</u>	<u>3,751</u>	<u>20,306</u>
At 31 August 2020	<u>123,260</u>	<u>1,764</u>	<u>2,000</u>	<u>6,837</u>	<u>133,861</u>
<b>NET BOOK VALUE</b>					
At 31 August 2020	<u>968,740</u>	<u>12,936</u>	<u>-</u>	<u>5,667</u>	<u>987,343</u>
At 31 August 2019	<u>985,000</u>	<u>13,230</u>	<u>1</u>	<u>9,418</u>	<u>1,007,649</u>

Included within long leasehold is land and buildings that the academy occupies under a Church Supplement Agreement with the Hereford Diocese Board of Education which gives the academy permission to occupy the site only. The Diocese Board of Education can give the academy a two year notice period to terminate the agreement and to be vacated from the site.

Included within long leasehold is non-depreciated land with a value of £279,000.

Land and buildings are not revalued.

**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.8.20 £	31.8.19 £
Trade debtors	28	126
VAT	2,212	1,875
Prepayments and accrued income	<u>4,210</u>	<u>11,301</u>
	<u>6,450</u>	<u>13,302</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.8.20 £	31.8.19 £
Trade creditors	5,554	9,769
Social security and other taxes	9,437	8,743
Other creditors	<u>31,878</u>	<u>10,459</u>
	<u>46,869</u>	<u>28,971</u>

Income has been deferred based on the period to which it relates:

£8,423	(2019: £8,540)	relating to Universal Free School Meal Income
£597	(2019: £588)	relating to Rates Relief Income

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

**15. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.8.20	31.8.19
	£	£
Within one year	2,144	2,144
Between one and five years	<u>1,625</u>	<u>3,251</u>
	<u>3,769</u>	<u>5,395</u>

**16. 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.

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

		Restricted		31.8.20
	Unrestricted	Fixed	Restricted	
	fund	Asset	General	Total
	£	Funds	Fund	funds
	£	£	£	£
Fixed assets	-	987,343	-	987,343
Current assets	6,119	-	83,185	89,304
Current liabilities	-	-	(46,869)	(46,869)
Pension liability	-	-	<u>(331,000)</u>	<u>(331,000)</u>
	<u>6,119</u>	<u>987,343</u>	<u>(294,684)</u>	<u>698,778</u>

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

		Restricted		31.8.19
	Unrestricted	Fixed	Restricted	
	fund	Asset	General	Total
	£	Funds	Fund	funds
	£	£	£	£
Fixed assets	-	1,007,649	-	1,007,649
Current assets	-	-	30,799	30,799
Current liabilities	-	-	(28,971)	(28,971)
Pension liability	-	-	<u>(334,000)</u>	<u>(334,000)</u>
	<u>-</u>	<u>1,007,649</u>	<u>(332,172)</u>	<u>675,477</u>

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

18. MOVEMENT IN FUNDS

	At 1.9.19 £	Net movement in funds £	At 31.8.20 £
<b>Unrestricted funds</b>			
Unrestricted General fund	-	6,119	6,119
<b>Restricted funds</b>			
Restricted Fixed Asset Funds	998,873	(17,008)	981,865
Restricted Pension Fund	(334,000)	3,000	(331,000)
General Annual Grant	(1,304)	30,856	29,552
Other Restricted	3,132	3,632	6,764
ESFA capital	<u>8,776</u>	<u>(3,298)</u>	<u>5,478</u>
	<u>675,477</u>	<u>17,182</u>	<u>692,659</u>
<b>TOTAL FUNDS</b>	<u>675,477</u>	<u>23,301</u>	<u>698,778</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
Unrestricted General fund	6,119	-	-	6,119
<b>Restricted funds</b>				
Restricted Fixed Asset Funds	-	(17,008)	-	(17,008)
Restricted Pension Fund	-	(14,000)	17,000	3,000
General Annual Grant	388,355	(357,499)	-	30,856
Other Restricted	31,072	(27,440)	-	3,632
Other DfE/ESFA Grants	59,132	(59,132)	-	-
ESFA capital	<u>4,935</u>	<u>(8,233)</u>	<u>-</u>	<u>(3,298)</u>
	<u>483,494</u>	<u>(483,312)</u>	<u>17,000</u>	<u>17,182</u>
<b>TOTAL FUNDS</b>	<u>489,613</u>	<u>(483,312)</u>	<u>17,000</u>	<u>23,301</u>

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

18. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.9.18 £	Net movement in funds £	Transfers between funds £	At 31.8.19 £
<b>Unrestricted funds</b>				
Unrestricted General fund	67,539	13,237	(80,776)	-
<b>Restricted funds</b>				
Restricted Fixed Asset Funds	1,015,880	(17,007)	-	998,873
Restricted Pension Fund	(231,000)	(103,000)	-	(334,000)
General Annual Grant	(86,412)	4,332	80,776	(1,304)
Other Restricted	4,099	(967)	-	3,132
ESFA capital	-	8,776	-	8,776
	<u>702,567</u>	<u>(107,866)</u>	<u>80,776</u>	<u>675,477</u>
<b>TOTAL FUNDS</b>	<u>770,106</u>	<u>(94,629)</u>	<u>-</u>	<u>675,477</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
Unrestricted General fund	13,237	-	-	13,237
<b>Restricted funds</b>				
Restricted Fixed Asset Funds	-	(17,007)	-	(17,007)
Restricted Pension Fund	-	(20,000)	(83,000)	(103,000)
General Annual Grant	394,720	(390,388)	-	4,332
Other Restricted	29,014	(29,981)	-	(967)
Other DfE/ESFA Grants	45,571	(45,571)	-	-
ESFA capital	10,184	(1,408)	-	8,776
	<u>479,489</u>	<u>(504,355)</u>	<u>(83,000)</u>	<u>(107,866)</u>
<b>TOTAL FUNDS</b>	<u>492,726</u>	<u>(504,355)</u>	<u>(83,000)</u>	<u>(94,629)</u>

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

\* General Annual Grant (GAG): Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at the year end.

\* Other DfE/ESFA Grants: are utilised for the purposes intended by the donor.

\* Other Restricted General Funds: include payments made towards Academy trips.

\* The Pension Fund: is the surplus/(deficit) in the Local Government Pension Scheme.

\* Restricted Fixed Asset Funds: include the fixed assets transferred on conversion to Academy, capital grants, additions and depreciation.

\* Unrestricted Funds: are all those income and expenses for general use in the Academy.

Transfers between funds relate to re-allocation of unrestricted funds to General Annual Grant fund, and expenditure of fixed assets.

**Funds in deficit**

The trust is carrying a net surplus of £29,552 (2019: £1,303 deficit) on general annual grant fund. Although the results have been favourably influenced by COVID19 this year, the trust continues to improve results by tighter control of costs and budget monitoring.

## 19. PENSION AND SIMILAR OBLIGATIONS

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

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

Contributions amounting to £5,167 were payable to the schemes at 31 August 2020 (2019: £4,228) and are included within creditors.

### **Teachers' pension scheme**

#### **Introduction**

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

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

#### **Valuation of the teachers' pension scheme**

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

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

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

The employers pension costs paid to TPS in the period amounted to £29,070 (2019: £23,406).

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 trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme

#### **Local government pension scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £15,947 (2019: £16,493), of which employer's contributions totalled £11,804 (2019: £11,957) and employees' contributions totalled £4,143 (2019: £4,536). The agreed contribution rates for future years are 15.3 % for employers and between 5.5% and 12.5% for employees.

19. PENSION AND SIMILAR OBLIGATIONS - continued

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.

As the scheme is in deficit, the School has entered into an agreement with the trustees to make additional contributions in addition to normal funding levels.

The rates payable over a three year period will be the Future Service Rate of 15.3% of payroll plus phased lump sum deficit contributions starting at £8,400 for the year to 31 March 2021, increasing by approximately 3.5% per annum.

The current estimated recovery period is 16 years.

The amounts recognised in the Statement of Financial Activities are as follows:

	Defined benefit pension plans	
	31.8.20	31.8.19
	£	£
Current service cost	29,000	35,000
Net interest from net defined benefit asset/liability	6,000	6,000
Past service cost	-	-
	<u>35,000</u>	<u>41,000</u>
Actual return on plan assets	<u>(8,000)</u>	<u>4,000</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	31.8.20	31.8.19
	£	£
Opening defined benefit obligation	465,000	333,000
Current service cost	29,000	35,000
Contributions by scheme participants	4,000	5,000
Interest cost	9,000	9,000
Actuarial losses/(gains)	(28,000)	84,000
Benefits paid	<u>(1,000)</u>	<u>(1,000)</u>
	<u>478,000</u>	<u>465,000</u>



19. PENSION AND SIMILAR OBLIGATIONS - continued

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	31.8.20	31.8.19
	£	£
Opening fair value of scheme assets	131,000	102,000
Contributions by employer	21,000	21,000
Contributions by scheme participants	4,000	5,000
Expected return	3,000	3,000
Actuarial gains/(losses)	(11,000)	1,000
Benefits paid	<u>(1,000)</u>	<u>(1,000)</u>
	<u>147,000</u>	<u>131,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	31.8.20	31.8.19
	£	£
Actuarial gains/(losses)	<u>17,000</u>	<u>(83,000)</u>
	<u>17,000</u>	<u>(83,000)</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	31.8.20	31.8.19
	£	£
Equities	97,000	92,000
Government bonds	10,000	10,000
Bonds - Other	8,000	7,000
Cash / liquidity	6,000	4,000
Other	18,000	10,000
Property	<u>8,000</u>	<u>8,000</u>
	<u>147,000</u>	<u>131,000</u>

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	31.8.20	31.8.19
Discount rate	1.80%	1.80%
Future salary increases	3.80%	3.50%
Future pension increases	2.40%	2.10%
Inflation assumption (CPI)	2.30%	2.00%

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

At	At
31st August	31st August
2020	2019

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

**19. PENSION AND SIMILAR OBLIGATIONS - continued**

<b>Retiring today</b>		
Males	22.6	22.8
Females	25.0	25.8
<b>Retiring in 20 years</b>		
Males	24.2	25.1
Females	27.0	28.2

**Sensitivity Analysis**

	At 31st August 2020 £000's	At 31st August 2019 £000's
Central	331	334
Discount rate +0.1%	321	324
Inflation +0.1%	342	345
Pay growth +0.1%	332	337
1 year increase in life expectancy	345	343

**20. CONTINGENT LIABILITIES**

There are no significant contingent liabilities that the Governors are aware of.

**21. CAPITAL COMMITMENTS**

	31.8.20	31.8.19
	£	£
Contracted but not provided for in the financial statements	<u>-</u>	<u>-</u>

**22. RELATED PARTY DISCLOSURES**

Owing to the nature of the Academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have 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. The following related party transactions took place in the period of account.

Canon Pyon Kids and Capers Ltd (Pippins) - a company under common control

- During the year receipts totalling £4,000 (2019: £6,000) were received from Canon Pyon Kids and Capers Ltd in respect of the rental.
- During the year payments totalling £853 (2019: £760) were made to Canon Pyon Kids and Capers Ltd in respect of recharges.
- At the year end there was a balance of £nil owing to the academy. (2019: £nil)

The Hereford Marches Federation of Academies - an academy which P Box is a Governor

- During the year income of £9,904 (2019: £3,253) was received from The Hereford Marches Federation of Academies
- During the year expenditure of £38,160 (2019: £39,581) was paid to The Hereford Marches Federation of Academies, this related to recharge of expenditure all in the course of normal business
- At the year end there was a balance of £nil owed by the academy. (2019: £nil)

HMFA Enterprises Ltd - a subsidiary company of The Hereford Marches Federation of Academies

- During the year income of £nil (2019: £nil) was received from The Hereford Marches Enterprises Ltd in relation to student placement.

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

22. RELATED PARTY DISCLOSURES - continued

- During the year expenditure of £nil (2019: £nil) was paid to The Hereford Marches Enterprises Ltd in relation to educational visits.
- There were no amounts outstanding at the year end (2019: £nil)
- The element above £2,500 has been provided 'at no more than cost'

Transactions with other federation academies:

		Income	Expenditure
Llangrove CE Academy	P Box is Executive Headteacher	£28 (2019: £28)	£nil (2019: £nil)
		Balance owed by academy:	£nil (2019: £nil)
Marden Primary Academy	Headteacher is P Box partner - M Newton	£nil (2019: £nil)	£nil (2019: £nil)
Kings Caple Academy	P Box is Headteacher	£nil (2019: £80)	£nil (2019: £nil)
Sutton Primary Academy	P Box is Headteacher	£nil (2019: £nil)	£2,368 (2019: £1,995)

All of the above transaction were made in the normal course of business.

Detailed Statement of Financial Activities  
for the Year Ended 31 August 2020

	31.8.20 £	31.8.19 £
<b>INCOME AND ENDOWMENTS</b>		
<b>Donations and capital grants</b>		
Grants and donations	474	1,616
Grants	4,935	10,184
School Trips	<u>12,791</u>	<u>19,116</u>
	18,200	30,916
<b>Other trading activities</b>		
Lettings income	4,000	6,000
Other income	<u>11,998</u>	<u>7,212</u>
	15,998	13,212
<b>Investment income</b>		
Deposit account interest	25	25
<b>Charitable activities</b>		
Grants	<u>455,390</u>	<u>448,573</u>
<b>Total incoming resources</b>	489,613	492,726
<b>EXPENDITURE</b>		
<b>Charitable activities</b>		
Wages	192,225	208,705
Social security	12,763	15,333
Pensions	35,498	29,924
Supply teacher costs	4,077	2,015
Educational supplies	15,932	30,387
Staff development	2,394	2,537
Educational consultancy	24,507	28,944
Long leasehold	16,260	16,260
Improvements to property	294	294
Fixtures and fittings	1	-
Computer equipment	3,752	1,584
Expected return on pension scheme assets	<u>14,000</u>	<u>20,000</u>
	321,703	355,983
<b>Support costs</b>		
<b>Management</b>		
Wages	34,786	35,683
Social security	2,423	2,245
Pensions	14,843	14,283
Administration costs	8,603	12,237
Recruitment and support	-	233
Maintenance of premises and equipment	27,116	6,759
Cleaning	9,017	10,423
Carried forward	96,788	81,863

Canon Pyon CE Academy

Detailed Statement of Financial Activities  
for the Year Ended 31 August 2020

	31.8.20	31.8.19
	£	£
<b>Management</b>		
Brought forward	96,788	81,863
Rent and rates	9,820	9,637
Energy costs	3,766	3,974
Insurance	2,889	2,717
Catering	11,290	14,183
Other costs	<u>29,208</u>	<u>28,708</u>
	153,761	141,082
<b>Governance costs</b>		
Auditors' remuneration	6,515	6,325
Auditors' remuneration for non audit work	<u>1,333</u>	<u>965</u>
	<u>7,848</u>	<u>7,290</u>
Total resources expended	<u>483,312</u>	<u>504,355</u>
<b>Net income/(expenditure)</b>	<u><u>6,301</u></u>	<u><u>(11,629)</u></u>

