

Company Registration Number: 09648936 (England & Wales)

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	R Freeth D Gorvett (resigned 21 July 2021) D Morgan (previously D Lawson) S Wadsworth D Winter
Trustees	S Aspinall R Freeth, Chair of Trustees D Gorvett (resigned 21 July 2021) R Matthews J Mitchell (resigned 30 December 2020) H N Jones (appointed 1 January 2021, resigned 18 April 2021) S Owen R Pearce E Semple A J Turner N Wells (resigned 25 January 2021) L Whittleton V R Hill (appointed 18 March 2021) H J Foulerton (appointed 18 March 2021) M J Lowdell (appointed 19 April 2021) J Cleary (appointed 8 July 2021)
Company registered number	09648936
Company name	North Leamington School
Principal and registered office	Sandy Lane Blackdown Leamington Spa CV32 6RD
Company secretary	Amy Woodward
Senior leadership team	M Lowdell, Headteacher (from 19 April 2021) J Mitchell, Headteacher (resigned 31 December 2020) H Jones, Deputy Headteacher (Headteacher from 1 January 2021 to 18 April 2021) M Foy, Deputy Headteacher M Atkins, Senior Assistant Headteacher G Jephcote, Senior Assistant Headteacher J McBride, Senior Assistant Headteacher C Royle, Senior Assistant Headteacher S Taylor, Senior Assistant Headteacher A Woodward, Business Manager
Independent auditor	Cooper Parry Group Limited Chartered Accountants One Central Boulevard Blythe Valley Business Park Solihull West Midlands B90 8BG

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Bankers

Lloyds Bank
73 The Parade
Leamington Spa
Warwickshire
CV32 4BB

Solicitors

Browne Jacobson
Victoria Square House
Victoria Square
Birmingham
B2 4BU

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

The Trustees present their annual report, together with the financial statements and auditor's report of the charitable company, for the year 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

North Leamington School is currently a standalone "empty" MAT. It has a pupil capacity of 1,500 students (including sixth form) and had a roll of 1,455 in the school census on 7 October 2021. The school draws students from approximately a 10 mile radius and they are admitted according to our admissions policy.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

Details of the trustees who served during the year, and to the date on which these accounts are approved, are included in the Reference and Administrative Details section.

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

Members' Liability

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

Trustees' Indemnities

From 1 November 2016 the academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK Government funds cover losses that arise. The scheme protects members and trustees from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The scheme provides cover up to £10,000,000.

Method of Recruitment and Appointment or Election of Trustees

The trust shall have the following trustees, as set out in its articles of association and funding agreement:

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

Member trustees are appointed by members. Under the articles, the Headteacher as CEO is also member appointed.

Parent trustees – appointed through election

Co-opted trustees – appointed by the existing trustees

Trustees are appointed for a 4 year period, except that this time limit does not apply to the Head Teacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected. When appointing new Trustees, the Board of Trustees will give consideration to the skills and experience mix of existing Trustees in order to ensure the Board of Trustees has the necessary skills to contribute fully to the Academy Trust's ongoing development. The Board of Trustees participate in a regular skills audit to ensure the Board has the right skills to undertake its role.

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Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new Trustees will depend upon their existing experience but will always include a tour of the School and a chance to meet staff and pupils. All Trustees are provided with copies of documents they will need to undertake their role as Trustees. All new Trustees have the opportunity to undertake appropriate induction training and all Trustees receive regular updates and training from the National Governance Association. Other bespoke training is provided, as procured by the School so as to keep the Trustees updated on relevant developments impacting on their roles and responsibilities, and to contribute to the strategic leadership and direction of the Academy Trust.

Organisational structure

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

The Board of Trustees normally meet 5 times each year. The Board of Trustees establishes an overall framework for the governance of the Academy Trust and determines membership, terms of reference and procedures of Committees of the Board of Trustees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings and through direct reporting from the elected Chair of each Committee. The Board of Trustees may from time to time establish working groups to perform specific tasks over a limited timescale.

There are 4 Committees of the Board of Trustees as follows:

- Teaching & Learning
- Resources
- Pay
- Admissions

Each Committee has its own terms of reference detailing the responsibilities discharged to it.

The following decisions are reserved to the full Board of Trustees:

- to consider any proposals for changes to the status or constitution of the Academy Trust and its committee structure;
- to appoint or remove the Chair and / or Vice Chair; and
- to appoint and / or consider the performance management of the Headteacher.

The Trustees have devolved the day-to-day management of the Academy Trust to the Senior Leadership Team (SLT), which is led by the Headteacher. The SLT comprises the Headteacher, Deputy Headteacher(s), Senior Assistant Headteachers and the School Business Manager. The Headteacher is the Academy Trust's Accounting Officer and has overall responsibility for the day to day financial management of the Academy Trust. The SLT implements the policies laid down by the Trustees and reports back to them on performance.

The Trustees have reviewed the Governance structure and from September 2021 an additional committee has been established; Character and Culture. This ensures that the committee structure is aligned to the leadership team responsibilities within the school.

Arrangements for Setting Pay Policy for Key Management Personnel

For the period 1 September 2020 to 31 August 2021 North Leamington School adopted its pay policy based on the recommendations of the School Teachers' Pay and Conditions Document 2020, and the NJC national agreement on Pay & Conditions 1997.

The Trustees consider the Board of Trustees and the senior management team to comprise the key management personnel of the Academy Trust in charge of directing and controlling, running and operating the

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FOR THE YEAR ENDED 31 AUGUST 2021

Academy Trust on a day to day basis. All Trustees give of their time freely and no Trustee received any remuneration in the current or prior year, other than those Trustees who are also employees of the Academy Trust. Details of Trustees' remuneration and expenses are disclosed in note 13 of the financial statements respectively.

The pay of the senior management team is reviewed annually by the Pay Committee in line with the Academy Trust's pay policy and by reference to published pay scales for both teaching and administrative support staff.

Related Parties and Other Connected Charities and Organisations

There are no related parties or connected organisations which either control or significantly influence the decisions and operations of the Academy Trust.

Trade Union Facility Time

Under the Trade Union (Facility Time Publication Requirements) Regulations 2017 the trust is required to publish the following information relating to trade union officials and facility time.

Number of Employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	0.88

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

Percentage of pay bill spent on facility time	
% of total pay bill spent of facility time	0%

Paid trade union activities	
Time spent on paid trade union activities as a percentage of total paid facility time hours	0%

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal objects of the Academy Trust, as set out in its Articles of Association, are to:

- advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school, offering a broad and balanced curriculum; and
- promote for the benefit of the inhabitants of Leamington Spa and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity, disablement, financial hardship or social and economic circumstances for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

The aims of the academy trust for the year ended 31 August 2021 are summarised below:

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

Objectives, Strategies and Activities

North Leamington School's strategic aim for 2020/21 was to deliver an outstanding learning community; to be achieved by continuing to focus on consistency of policy into practices through:

- Developing a highly effective recovery plan
- Developing a broad, balanced and personalised curriculum for all
- Refining and enhancing Wave One teaching and learning for all
- Refining and embedding a positive learning Culture and Ethos
- Building the capacity of the school and its teams

All of this is underpinned by the school's CORE and associated values:

- Commitment
- Opportunity
- Respect
- Excellence

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

Public Benefit

The Academy Trust aims to advance for the public benefit education in the Leamington Spa and the surrounding area, offering a broad curriculum and an excellent education environment for its pupils. The Academy Trust also allows use of its facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of that community.

The Trustees confirm that they have complied with the duty in the Charities Act 2011 to have due regard to the Charity Commission general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

STRATEGIC REPORT

Key Performance Indicators

The Academy Trust continues to evolve and to adapt to the ever-changing educational environment. The Trust is in its 5th year of operation since conversion to an Academy Trust.

The Academy Trust is committed to continual improvement, which is achieved in a number of ways, including improvement planning, review meetings, continual professional development, lesson observations, performance management, self-evaluation, data analysis and action planning. The particular achievements and performance of the Academy Trust during the year ended 31 August 2021 were as follows:

- Sustained high quality results year on year
- 76% A*B grades at A level
- 100% A*-E pass rate
- Average grade B for the last 3 years
- 83% achieved 9 – 4 in English and Maths GCSE 2021
- 60% achieved 9 – 5 in English and Maths GCSE 2021
- Attainment 8 2021 – 5.3
- The school continues to be oversubscribed on an annual basis
- The school has continued to operate fully post COVID

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FOR THE YEAR ENDED 31 AUGUST 2021

- High level of engagement with remote/blended learning offer
- Local Authority Category A School

Key Performance Indicators

The Academy Trust uses a number of benchmarks or performance indicators to evaluate its financial performance and drive budgetary control and monitoring.

A key financial performance indicator for the Trust is the level of reserves held at the balance sheet date and, in particular, the amount of unrestricted reserves plus restricted income reserves at year end. At 31 August 2021, the balance of the unrestricted and restricted income reserves was £1,621,000 (2020: £1,320,000), which is after transfers of £84,000 to the restricted fixed asset fund to fund capital expenditure during the year. Further details on the level of reserves held by the Academy Trust are set out in the Reserves Policy section below.

As the majority of the Academy Trust's funding is based on pupil numbers, pupil numbers is also a key performance indicator. As noted earlier in this report, pupil numbers at the most recent census were 1,455 which is a reduction of 18 from the previous census.

Going Concern

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

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

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

FINANCIAL REVIEW

The majority of the Academy Trust's income is received from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2021 and the associated expenditure of these grants are shown as restricted funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the ESFA and other organisations / funders and these are shown as restricted fixed asset funds in the Statement of Financial Activities. The balance of the restricted fixed asset fund is reduced by the depreciation charges on the assets acquired using these funds.

For the year ended 31 August 2021, the Academy Trust's total income (excluding capital grants) was £8,457,000 (2020: £7,907,000) while the total expenditure (excluding depreciation and LGPS FRS102 pension cost charges) was £8,072,000 (2020: £7,751,000), resulting in a net surplus for the year of £385,000 (2020: £156,000).

The net book value of fixed assets at 31 August 2021 is £23,693,000, which includes depreciation charges for the period of £530,000. The fixed assets held by the Academy Trust are used exclusively for providing education and associated support services to the pupils of the Trust.

Included within the Academy's balance sheet at year end is a defined benefit pension scheme liability of [£5,328,000 (2020: £4,088,000)], which arises from the deficit in the Local Government Pension Scheme ("LGPS") that is attributable to the Academy(ies). Further details regarding the deficit in the LGPS at 31 August 2021 are set out in note 23 to the financial statements.

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FOR THE YEAR ENDED 31 AUGUST 2021

Reserves Policy

The Trustees review the reserve levels of the Academy Trust annually. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees also take into consideration the future plans of the Academy Trust, the uncertainty over future income streams and other key risks identified during the risk review.

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

In deciding the level of reserves, trustees will take into account the following:

- one month salary bill (approx. £488,000)
- the school's annual budget
- the need for any large project spend such as facilities development or building condition needs
- any uncertainty, turbulence or expected reduction in funding arrangements, including the level of transitional protection within the school funding and its expiry date
- anticipated funding over the next three years

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

The Academy Trust's current level of reserves at 31 August 2021 is £1,621,000 (2020: £1,320,000). Of this, £281,000 is held within the capital contingency reserves fund, leaving £842,000 as general reserves, which meets the criteria set by the reserves policy.

The value of the restricted fixed asset fund at 31 August 2021 is £23,693,000 (2020: £24,109,000), which is represented by the fixed assets that are used exclusively for providing education and associated support services to the pupils of the Trust. These funds can only be realised by disposing of the associated tangible fixed assets.

The pension reserve fund has a deficit balance at 31 August 2021 of £5,328,000, which represents the deficit in the LGPS at the balance sheet date. The effect of the LGPS deficit is that Academy Trust is required to make accelerated pension contributions over a number of years in order to fund the deficit. These additional] pension contributions will be funded from the Trust's annual recurring income, which may significantly impact its ability to continue to deliver its educational outcomes with the available public funding it receives. The Trustees have noted however that the Government has provided a guarantee that in the event of an Academy closure, any outstanding LGPS liabilities would be met by the Department for Education.

Investments Policy

The current policy is to hold reserves as liquid cash funds.

Principal Risks and Uncertainties

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

- Reduction in GAG Funding
- Reduction in SEN Funding
- Reduction in lettings Income
- Increased competition from other schools, resulting in 16-19 recruitment not being achieved
- External relationships not being effective
- Inappropriate/inaccurate communication to stakeholders

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FOR THE YEAR ENDED 31 AUGUST 2021

- Cashflow is an inherent risk in any organisation, however, with the current level of cash reserves this is not considered a concern

Fundraising

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

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

North Leamington School does not work with any commercial participators or professional fundraisers.

PLANS FOR FUTURE PERIODS

Success for all is the intended outcome through the achievement of the main school priorities below, underpinned by the wider school aims of commitment, opportunity, respect, and excellence. The school recognise that success comes in a variety of forms, and strives to provide a learning environment where everyone realises success.

- Highly effective teaching and learning
- Highly effective personalised curriculum, broad and balanced, which is deep and rich in both skills and knowledge
- Highly effective culture and climate
- Highly effective student wellbeing
- Highly effective resourcing and sustainable development

FUNDS HELD AS A CUSTODIAN

The academy and its trustees do not act as the custodian trustees of any other charity.

The Academy does however hold Post 16 Bursary Funds on behalf of the ESFA, which are distributed to students as required and in line with the terms and conditions of the funds.

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 9 December 2021 and signed on its behalf by:



R Freeth
Chair of Trustees

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GOVERNANCE STATEMENT

Scope of responsibility

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

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between North Leamington School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 5 times during the year.

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

Trustee	Meetings attended	Out of a possible
S Aspinall	5	5
R Freeth, Chair of Trustees	5	5
D Gorvett	4	5
R Matthews	5	5
J Mitchell	2	2
H N Jones	1	1
S Owen	5	5
R Pearce	5	5
E Semple	4	5
A J Turner	3	5
N Wells	1	2
L Whittleton	5	5
V R Hill	3	3
H J Foulerton	3	3
M J Lowdell	2	2

The Board of Trustees reviewed the Trust's governance structure during the year to evaluate its impact and effectiveness. The Board of Trustees has a wide range of skills that contribute to the successful governance of the Trust and are satisfied that the current structure in place is appropriate and effective for the Trust.

Meetings continued to happen as scheduled but remotely where necessary. Although the Board of Trustees met less than six times during the year, they have maintained effective financial oversight and governance through the formal work undertaken by the Resources Committee as detailed further below. This is a sub-Committee of the Board of Trustees and it met 5 times during the year. The minutes of this sub-Committee's meetings are provided to the full Board of Trustees and the Chairs of these sub-Committees report to each full Board of Trustee meeting on the key matters considered at their meetings and the impact for consideration by the full Board of Trustees.

The Resources Committee's purpose is to provide oversight, guidance and assistance to the Board of Trustees on all matters related to finance, resources, premises and Health & Safety of the Academy Trust. This committee also acts as the Academy Trust's Audit Committee, where its purpose is to maintain an oversight of the Trust's governance, risk management, internal control and value for money framework.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Attendance during the year at meetings of the resources committee were as follows:

Trustee	Meetings attended	Out of a possible
R Freeth	5	5
D Gorvett	1	5
J Mitchell	2	2
S Owen	5	5
R Pearce	4	5
E Semple	5	5
N Wells	2	2
H Foulerton	1	1
H Jones	1	1
M Lowdell	2	2

Review of value for money

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

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

- Ensuring regular reviews and improvements to the Financial Regulations Manual. This creates improved robustness of internal financial controls and greater accountability for individual budget holders to manage expenditure in line with budgets.
- Undertaking a full and detailed review of the curriculum and associated staffing requirement in order to ensure the staff resource is appropriate.
- Review of staff structure to ensure it is fit for purpose and jobs are scaled appropriately.
- Regularly reviewing facilities contracts to ensure suppliers are competitive and the appropriate mix of preventative vs reactive maintenance is in place.
- Seeking additional funding opportunities and grants to maximise staff training, international opportunities, music facilities and careers education.
- Increased investment in technologically advanced systems to streamline workload and reduce the need for manual processes.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in North Leamington School for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

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GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

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

The board of trustees has considered the need for a specific internal audit function and has agreed to buy-in an internal audit service from MLG Education Services Limited. During the year September 2020 to August 2021, themed financial risk reviews were carried out by MLG concerning the following:

- Sample testing of purchase transactions
- Sample testing of income transactions
- Sample testing of payroll transactions
- Sample testing of petty cash transactions
- Testing of bank reconciliation processes
- Key finance are review – COVID-19

Any control issues highlighted have been or are being resolved. Following each review, the internal auditor reports to the board of trustees, through the resources committee, on the operation of the systems of control and on the discharge of the board of trustee's financial responsibilities.

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GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

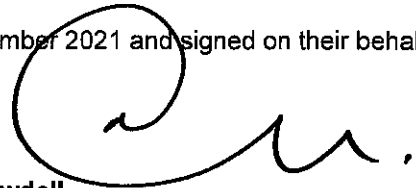
- the work of the internal auditor;
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework;
- completion of the school resources management self-assessment tool;
- the work of a school resources management advisor

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

Approved by order of the members of the Board of Trustees on 9 December 2021 and signed on their behalf by:



R Freeth
Chair of Trustees



M J Lowdell
Accounting Officer

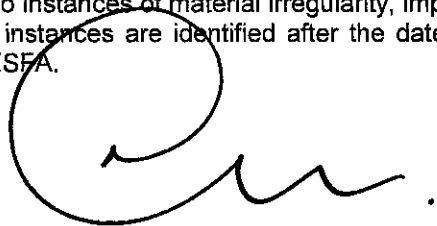
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of North Leamington School I have considered my responsibility to notify the Academy Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the Academy Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2020.

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



M J Lowdell
Accounting Officer
Date: 9 December 2021

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2021

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 9 December 2021 and signed on its behalf by:



R Freeth
Chair of Trustees

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF NORTH LEAMINGTON SCHOOL

Opinion

We have audited the financial statements of North Leamington School (the 'academy') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Academy's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF NORTH LEAMINGTON SCHOOL (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The Trustees are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF NORTH LEAMINGTON SCHOOL (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our assessment focussed on key laws and regulations the Academy Trust has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Education Act 2011, Academies Act 2010, Companies Act 2006, Charities Act 2011, Academy Financial Handbook 2020, taxation legislation, data protection, anti-bribery and employment legislation.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the Academy Trust and how the Academy Trust is complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the Academy Trust's control environment and how the Academy Trust has applied relevant control procedures, through discussions with Trustees and other management, consideration of the results of the internal scrutiny function and by performing walkthrough testing over key areas;
- obtaining an understanding of the Academy Trust's risk assessment process, including the risk of fraud;
- reviewing meeting minutes of those charged with governance throughout the year; and
- performing audit testing to address the risk of management override of controls, including testing journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our Auditor's Report.

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF NORTH LEAMINGTON SCHOOL (CONTINUED)

Use of our report

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

Glen Bott FCA (Senior Statutory Auditor)

for and on behalf of

Cooper Parry Group Limited

Chartered Accountants

Statutory Auditor

One Central Boulevard

Blythe Valley Business Park

Solihull

West Midlands

B90 8BG

Date:

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 13 August 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by North Leamington School during the year 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of North Leamington School's funding agreement with the Secretary of State for Education dated 14 October 2016 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

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

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions included:

Reviewing the internal control policies and procedures implemented by the Academy Trust and evaluating their design and effectiveness to understand how the Academy Trust has complied with the framework of authorities, including reviewing the reports on the internal scrutiny work commissioned by the trust in relation to the year;

Reviewing the minutes of meetings of the Trustees, relevant sub-committees and other evidence made available to us, relevant to our consideration of regularity;

Enquiries of the Accounting Officer, including reviewing the work undertaken by the Accounting Officer in relation to their Statement on Regularity, Propriety and Compliance; and

Detailed testing of the income and expenditure of the academy trust based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit of the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant
Cooper Parry Group Limited
Chartered Accountants
Statutory Auditor

One Central Boulevard
Blythe Valley Business Park
Solihull
West Midlands
B90 8BG

Date:

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021**

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Income from:					
Donations and capital grants	2	-	30	32	36
Charitable activities	209	8,200	-	8,409	7,762
Other trading activities	46	-	-	46	137
Investments	-	-	-	-	1
Total income	257	8,200	30	8,487	7,936
Expenditure on:					
Raising funds	3	-	-	3	7
Charitable activities	336	8,104	530	8,970	8,618
Total expenditure	339	8,104	530	8,973	8,625
Net (expenditure) /income	(82)	96	(500)	(486)	(689)
Transfers between funds	(84)	-	84	-	-
Net movement in funds before other recognised gains/(losses)	(166)	96	(416)	(486)	(689)
Other recognised gains/(losses):					
Actuarial losses on defined benefit pension schemes	-	(869)	-	(869)	(227)
Net movement in funds	(166)	(773)	(416)	(1,355)	(916)
Reconciliation of funds:					
Total funds brought forward	1,289	(4,057)	24,109	21,341	22,257
Net movement in funds	(166)	(773)	(416)	(1,355)	(916)
Total funds carried forward	1,123	(4,830)	23,693	19,986	21,341

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 25 to 47 form part of these financial statements.

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 09648936

BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	14	23,693	24,109
Current assets			
Debtors	15	178	168
Cash at bank and in hand		1,651	1,315
		1,829	1,483
Creditors: amounts falling due within one year	16	(208)	(163)
Net current assets		1,621	1,320
Total assets less current liabilities		25,314	25,429
Defined benefit pension scheme liability	23	(5,328)	(4,088)
Total net assets		19,986	21,341
 Funds of the Academy			
Restricted funds:			
Fixed asset funds	17	23,693	24,109
Restricted income funds	17	498	31
Pension reserve	17	(5,328)	(4,088)
Total restricted funds	17	18,863	20,052
Unrestricted income funds	17	1,123	1,289
Total funds		19,986	21,341

The financial statements on pages 22 to 47 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



R Freeth
Chair of Trustees

Date: 9 December 2021

The notes on pages 25 to 47 form part of these financial statements.

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Net cash provided by operating activities	19	421	89
Cash flows from investing activities	20	(84)	(145)
Change in cash and cash equivalents in the year		337	(56)
Cash and cash equivalents at the beginning of the year		1,316	1,371
Cash and cash equivalents at the end of the year	21, 22	<u>1,653</u>	<u>1,315</u>

The notes on pages 25 to 47 form part of these financial statements

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

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

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.4 Expenditure

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

• **Expenditure on raising funds**

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

• **Charitable activities**

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

1.5 Interest receivable

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

1.6 Taxation

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

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

1.7 Tangible fixed assets

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

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

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

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Long-term leasehold land	- Over 125 years
Long-term leasehold property	- Over 50 years
Computer equipment	- Over 3-10 years

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

1.8 Debtors

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

1.9 Cash at bank and in hand

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

1.10 Liabilities

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

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. 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 as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.12 Operating leases

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

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.13 Pensions

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

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

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

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

1.14 Fund accounting

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

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

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

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

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

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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

Critical areas of judgement:

The classification of expenditure between restricted and unrestricted funds is considered a critical area of judgement as certain expenditure can be applied to both funds. Where this is the case and the amounts in question are considered material, the expenditure is apportioned to both funding streams on an appropriate basis.

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

3. Income from donations and capital grants

	Unrestricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Donations	2	-	2	7
Grants	-	30	30	29
Total 2021	2	30	32	36
Total 2020	7	29	36	

4. Funding for the Academy's educational operations

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
DfE/ESFA grants				
General annual grant	-	7,170	7,170	6,513
Other DfE/ESFA grants				
Pupil Premium	-	175	175	169
Teacher pay grant	-	101	101	98
Teacher pension grant	-	285	285	276
Other DfE Group grants	-	82	82	118
	-	7,813	7,813	7,174
Other Government grants				
Special educational projects	-	234	234	253
Other local authority grants	-	3	3	3
	-	237	237	256
Other income from the Academy's educational operations	209	10	219	332
COVID-19 additional funding (DfE/ESFA)				
Catch-up Premium	-	140	140	-
	-	140	140	-
	209	8,200	8,409	7,762
Total 2020	325	7,437	7,762	

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4. Funding for the Academy's educational operations (continued)

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the academy's funding for Pupil Premium, Teacher Pay and Teacher Pension is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

The academy received £96k of funding for catch-up premium and costs incurred in respect of this funding totalled £96k during this financial year. The academy also received £44k of mass testing funding and costs incurred in respect of this fund totalled £44k during this financial year.

5. Income from other trading activities

	Unrestricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Other income	2	2	32
Lettings income	43	43	101
Catering income	1	1	4
	<u>46</u>	<u>46</u>	<u>137</u>
Total 2020	<u>137</u>	<u>137</u>	

6. Investment income

	Unrestricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Interest received	-	-	1
	<u>1</u>	<u>1</u>	
Total 2020	<u>1</u>	<u>1</u>	

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7. Expenditure

	Staff Costs	Premises	Other	Total	Total
	2021	2021	2021	2021	2020
	£000	£000	£000	£000	£000
Expenditure on fundraising trading activities:					
Direct costs	-	-	3	3	7
Academies educational operations:					
Direct costs	5,115	-	373	5,488	5,369
Allocated support costs	1,831	979	672	3,482	3,250
Total 2021	6,946	979	1,048	8,973	8,626
Total 2020	6,626	-	2,000	8,626	

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2021	2021	2021	2020
	£000	£000	£000	£000
Educational operations	336	8,634	8,970	8,618
Total 2020	257	8,361	8,618	

9. Analysis of expenditure by activities

	Activities undertaken directly	Support costs	Total funds	Total funds
	2021	2021	2021	2020
	£000	£000	£000	£000
Educational operations	5,488	3,482	8,970	8,619
Total 2020	5,369	3,250	8,619	

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9. Analysis of expenditure by activities (continued)

Analysis of support costs

	Activities	Total	Total
	2021	funds	funds
	£000	2021	2020
		£000	£000
Pension FRS102 net interest cost	72	72	69
Staff costs	1,831	1,831	1,686
Depreciation	530	530	544
Technology costs	55	55	61
Staff development	10	10	20
Recruitment and support	34	34	30
Maintenance of premises and equipment	183	183	145
Cleaning	22	22	12
Rent and rates	67	67	69
Energy costs	177	177	171
Insurance	84	84	68
Security and transport	15	15	16
Catering	271	271	258
Other support costs	78	78	65
Auditor's remuneration	13	13	8
Legal and professional	38	38	22
Donations	2	2	6
Total 2021	3,482	3,482	3,250
Total 2020	3,250	3,250	

Included within Legal and professional costs are £Nil (2020: £Nil) relating to legal costs. None of these costs related to legal costs in respect of conversion.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

10. Net (expenditure)/income

Net (expenditure)/income for the year includes:

	2021	2020
	£000	£000
Operating lease rentals	15	17
Depreciation of tangible fixed assets	530	545
Fees paid to auditor for:		
- audit	7	8
- other services	3	4
	15	83

11. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021	2020
	£000	£000
Wages and salaries	4,974	4,761
Social security costs	484	454
Pension costs	1,470	1,355
	6,928	6,570
Agency staff costs	18	56
	6,946	6,626

b. Staff numbers

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

	2021	2020
	No.	No.
Teachers	83	82
Administration	86	84
Management	9	9
	178	175

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11. Staff (continued)

c. Higher paid staff

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

	2021	2020
	No.	No.
In the band £60,001 - £70,000	3	2
In the band £70,001 - £80,000	1	-
In the band £100,001 - £110,000	-	1
	-	1

d. Key management personnel

The key management personnel of the Academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy was £726,685 (2020 £779,385).

12. Trustees' remuneration and expenses

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

		2021	2020
		£000	£000
J Mitchell (to 31 Dec 2020)	Remuneration	35 - 40	100 - 105
	Pension contributions paid	5 - 10	20 - 25
S Owen	Remuneration	25 - 30	25 - 30
	Pension contributions paid	5 - 10	5 - 10
H Jones (from 1 Jan 2021 to 18 Apr 2021)	Remuneration	25 - 30	-
	Pension contributions paid	5 - 10	-
M Lowdell (from 19 Apr 2021)	Remuneration	30 - 35	-
	Pension contributions paid	5 - 10	-

During the year ended 31 August 2021, expenses totalling £53 were reimbursed or paid directly to 3 Trustees (2020 - £272 to 2 Trustees). These expenses related to travel costs and reimbursement for expenditure incurred on behalf of the school.

13. Trustees' and Officers' insurance

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

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14. Tangible fixed assets

	Long-term leasehold property £000	Computer equipment £000	Total £000
Cost or valuation			
At 1 September 2020	25,117	552	25,669
Additions	18	96	114
At 31 August 2021	<u>25,135</u>	<u>648</u>	<u>25,783</u>
Depreciation			
At 1 September 2020	1,299	261	1,560
Charge for the year	434	96	530
At 31 August 2021	<u>1,733</u>	<u>357</u>	<u>2,090</u>
Net book value			
At 31 August 2021	<u>23,402</u>	<u>291</u>	<u>23,693</u>
At 31 August 2020	<u>23,818</u>	<u>291</u>	<u>24,109</u>

15. Debtors

	2021 £000	2020 £000
Due within one year		
Trade debtors	2	10
Other debtors	19	10
Prepayments and accrued income	157	148
	<u>178</u>	<u>168</u>

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16. Creditors: Amounts falling due within one year

	2021	2020
	£000	£000
Trade creditors	62	23
Other creditors	3	21
Accruals and deferred income	143	119
	<u>208</u>	<u>163</u>

Deferred income at the balance sheet date is represented by school trip funding and lettings received in advance which relate to activities that will be undertaken during the year ending 31 August 2021.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds

	Balance at 1 September 2020 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2021 £000
Unrestricted funds						
Designated funds						
Capital contingency fund	281	-	-	-	-	281
General funds						
General Fund	1,008	257	(339)	(84)	-	842
Total Unrestricted funds	1,289	257	(339)	(84)	-	1,123
Restricted general funds						
General Annual Grant (GAG)	31	7,170	(6,703)	-	-	498
Pupil premium	-	175	(175)	-	-	-
Teacher pay grant	-	101	(101)	-	-	-
Teacher pension grant	-	285	(285)	-	-	-
Other DfE/ESFA grants	-	82	(82)	-	-	-
Special education grants	-	237	(237)	-	-	-
Other income	-	10	(10)	-	-	-
Covid-19 funding (DfE/ESFA)	-	140	(140)	-	-	-
Pension reserve	(4,088)	-	(371)	-	(869)	(5,328)
	(4,057)	8,200	(8,104)	-	(869)	(4,830)

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NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

	Balance at 1 September 2020 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2021 £000
Restricted fixed asset funds						
Transferred on conversion	23,833	-	(377)	-	-	23,456
Capital grants	85	30	(42)	-	-	73
Funded from revenue	160	-	(80)	84	-	164
Donated fixed assets	31	-	(31)	-	-	-
	<u>24,109</u>	<u>30</u>	<u>(530)</u>	<u>84</u>	<u>-</u>	<u>23,693</u>
Total Restricted funds	<u>20,052</u>	<u>8,230</u>	<u>(8,634)</u>	<u>84</u>	<u>(869)</u>	<u>18,863</u>
Total funds	<u>21,341</u>	<u>8,487</u>	<u>(8,973)</u>	<u>-</u>	<u>(869)</u>	<u>19,986</u>

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

The Capital contingency designated fund is to support the schools requirements for a high specification facility, intended for future high cost expenditure. Part of this fund has been used for capital additions this year and this is represented by the transfer to the restricted fixed asset fund.

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

Other DfE/ESFA grants include further grants from the DfE/ESFA including Teacher Pay grants, Teachers' Pension grants and Pupil Premium.

The special education grants fund relates to the income received and expenditure on educating pupils with special educational needs that is funded by the local authority.

The Pension reserve represents the Local Government Pension Scheme deficit.

Restricted fixed asset funds represent the investment in fixed assets, net of accumulated depreciation, and includes the value of fixed assets transferred to the Academy Trust on conversion of the School within the Academy Trust, together with any capital expenditure funded from restricted or unrestricted funds. Unspent capital grants and capital income are also held in this fund and their use is restricted to the capital projects for which the grant awarded.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2021.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

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

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds						
Designated funds						
Capital contingency fund	351	-	-	(70)	-	281
General funds						
General Fund	877	470	(264)	(75)	-	1,008
Total Unrestricted funds	1,228	470	(264)	(145)	-	1,289
Restricted general funds						
General Annual Grant (GAG)	81	6,513	(6,563)	-	-	31
Pupil premium	-	661	(661)	-	-	-
Teacher pay grant	-	253	(253)	-	-	-
Teacher pension grant	-	10	(10)	-	-	-
Pension reserve	(3,531)	-	(330)	-	(227)	(4,088)
	(3,450)	7,437	(7,817)	-	(227)	(4,057)

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NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Restricted fixed asset funds						
Transferred on conversion	24,251	-	(418)	-	-	23,833
Capital grants	98	29	(42)	-	-	85
Funded from revenue	95	-	(80)	145	-	160
Donated fixed assets	35	-	(4)	-	-	31
	<u>24,479</u>	<u>29</u>	<u>(544)</u>	<u>145</u>	<u>-</u>	<u>24,109</u>
Total Restricted funds	<u>21,029</u>	<u>7,466</u>	<u>(8,361)</u>	<u>145</u>	<u>(227)</u>	<u>20,052</u>
Total funds	<u><u>22,257</u></u>	<u><u>7,936</u></u>	<u><u>(8,625)</u></u>	<u><u>-</u></u>	<u><u>(227)</u></u>	<u><u>21,341</u></u>

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000
Tangible fixed assets	-	-	23,693	23,693
Current assets	1,123	706	-	1,829
Creditors due within one year	-	(208)	-	(208)
Provisions for liabilities and charges	-	(5,328)	-	(5,328)
Total	<u><u>1,123</u></u>	<u><u>(4,830)</u></u>	<u><u>23,693</u></u>	<u><u>19,986</u></u>

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18. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	-	24,109	24,109
Current assets	1,289	194	-	1,483
Creditors due within one year	-	(163)	-	(163)
Provisions for liabilities and charges	-	(4,088)	-	(4,088)
Total	1,289	(4,057)	24,109	21,341

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

	2021 £000	2020 £000
Net expenditure for the year (as per Statement of Financial Activities)	(486)	(689)
Adjustments for:		
Depreciation	530	544
Capital grants from DfE and other capital income	(30)	(29)
Interest receivable	-	(1)
Defined benefit pension scheme cost less contributions payable	299	261
Defined benefit pension scheme finance cost	72	69
Increase in debtors	(9)	(39)
Increase/(decrease) in creditors	45	(27)
Net cash provided by operating activities	421	89

20. Cash flows from investing activities

	2021 £000	2020 £000
Interest	-	1
Purchase of tangible fixed assets	(114)	(175)
Capital grants from DfE Group	30	29
Net cash used in investing activities	(84)	(145)

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21. Analysis of cash and cash equivalents

	2021	2020
	£000	£000
Cash in hand and at bank	1,653	1,315
	1,653	1,315

22. Analysis of changes in net debt

	At 1 September 2020 £000	Cash flows £000	At 31 August 2021 £000
Cash at bank and in hand	1,315	338	1,653
	1,315	338	1,653

23. Pension commitments

The Academy'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 Warwickshire 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 2019.

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

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. 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.

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23. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £812,000 (2020 - £778,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £448,000 (2020 - £397,000), of which employer's contributions totalled £359,000 (2020 - £316,000) and employees' contributions totalled £ 89,000 (2020 - £81,000). The agreed contribution rates for future years are 15.8 per cent for employers and a range of 5.5 to 7.5 per cent for employees.

As described in note the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

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.

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

Principal actuarial assumptions

	2021	2020
	%	%
Rate of increase in salaries	3.7	3.0
Rate of increase for pensions in payment/inflation	2.9	2.2
Discount rate for scheme liabilities	1.65	1.7

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

	2021	2020
	Years	Years
Retiring today		
Males	21.8	21.6
Females	24.2	23.8
Retiring in 20 years		
Males	23.0	22.5
Females	26.1	25.4

Sensitivity analysis

Impact on value of scheme liabilities as reported:

	2021	2020
	£000	£000
Discount rate -0.5%	1,200	930
CPI rate +0.5%	1,025	778
Salary increase rate +0.5%	155	133

Share of scheme assets

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

	2021	2020
	£000	£000
Equities	2,668	1,848
Corporate bonds	1,033	770
Property	474	400
Cash and other liquid assets	129	62
Total market value of assets	4,304	3,080

The actual return on scheme assets was £140,000 (2020 - £83,000).

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

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

	2021	2020
	£000	£000
Current service cost	(658)	(577)
Interest income	56	57
Interest cost	(128)	(126)
Total amount recognised in the Statement of Financial Activities	<u>(730)</u>	<u>(646)</u>

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

	2021	2020
	£000	£000
At 1 September	7,168	6,325
Current service cost	658	577
Interest cost	128	126
Employee contributions	89	81
Actuarial losses	1,628	87
Benefits paid	(39)	(28)
At 31 August	<u>9,632</u>	<u>7,168</u>

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

	2021	2020
	£000	£000
At 1 September	3,080	2,794
Interest income	56	57
Actuarial gains/(losses)	759	(140)
Employer contributions	359	316
Employee contributions	89	81
Benefits paid	(39)	(28)
At 31 August	<u>4,304</u>	<u>3,080</u>

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24. Operating lease commitments

At 31 August 2021 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021	2020
	£000	£000
Not later than 1 year	15	16
Later than 1 year and not later than 5 years	47	4
	<u>62</u>	<u>20</u>

25. 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.

26. Related party transactions

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

The related party transactions relating to certain trustee's remuneration and expenses are disclosed in note 12.

Browne Jacobson LLP are a related party as a result of Member, Trustee and Chair of Trustees, Richard Freeth, being a partner of the LLP. During the year, North Leamington School paid £Nil (2020: £1,893) to Browne Jacobson LLP for legal and professional services. These purchases were in accordance with the academy's financial regulations and procurement procedures and the requirements of the AFH.

27. Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2021 the academy trust received £12,746 (2020: £16,995), disbursed £5,879 (2020: £14,736) and repaid £3,632 from the fund. An amount of £23,862 (2020: £20,627) is included in other creditors relating to undistributed funds that is repayable to the ESFA.

