

**Company Registration Number: 08027879 (England & Wales)**

**FIRTHMOOR PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**FIRTHMOOR PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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**FIRTHMOOR PRIMARY SCHOOL**  
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**REFERENCE AND ADMINISTRATIVE DETAILS**

**Members**

JF Dean  
K Hall  
Y Oakes (appointed 22 November 2018)  
K Roberts

**Trustees**

W G Paton, Chair  
V H Pace, Vice Chair  
A Dixon, Headteacher and Accounting Officer  
P Irving  
J Jefferies (appointed 14 February 2019)  
V Johnston  
J Newbery  
D Owen  
C Shaw (resigned 20 November 2018)  
N Westmoreland (appointed 17 October 2019)

**Company registered number**

08027879

**Company name**

Firthmoor Primary School

**Principal and registered office**

Ingleby Moor Crescent  
Darlington  
County Durham  
DL1 4RW

**Company secretary**

J Brooks

**Senior Leadership Team**

A Dixon, Headteacher  
V Morrow, Deputy Headteacher  
D Murray, Assistant Headteacher

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

**Independent auditors**

Clive Owen LLP  
Chartered Accountants  
Statutory Auditors  
140 Coniscliffe Road  
Darlington  
County Durham  
DL3 7RT

**Bankers**

Lloyds Bank  
21-23 Northgate  
Darlington  
Durham  
DL1 1TL

**Solicitors**

Womble Bond Dickinson (UK) LLP  
St Ann's Wharf  
112 Quayside  
Newcastle Upon Tyne  
NE1 3DX

**FIRTHMOOR PRIMARY SCHOOL**  
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**TRUSTEE'S REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

The trust operates an academy for pupils aged 3 to 11 serving a catchment area in Darlington. It has a pupil capacity of 365 and had a roll of 325 in the school census on 22nd May 2019.

**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. The Trustees of Firthmoor Primary School are also the directors of the charitable company for the purposes of company law. The charitable company is known as Firthmoor Primary School

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

**Members' Liability**

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

**Trustees' Indemnities**

The academy has purchased insurance to protect Trustees from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are provided in note 11.

**Method of Recruitment and Appointment or Election of Trustees**

Trustees are appointed under the rules contained within the Academy's Memorandum and Articles of Association and membership of the Board of Trustees is in accordance with the structure contained within it. Up to 12 Trustees may be appointed.

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

The Parent Trustees shall be elected by parents of registered pupils at the academy. A Parent Trustee must be a parent of a pupil at the academy at the time when they are elected. If the number of parents standing for election is less than the number of vacancies, then the Board of Trustees can appoint them.

The term of office for any Trustee shall be 4 years, save that this time limit shall not apply to the Headteacher or any post held ex officio. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected. The Trustees may appoint up to 3 co-opted Trustees. The Trustees may not co-opt an employee of the academy as a co-opted Trustee if thereby the number of Trustees who are employees of the academy would exceed one third of the total number of Trustees.

The Secretary of State may appoint additional Trustees as he sees fit if he has given the Trustees a warning notice, and the Trustees have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction within the compliance period.

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**TRUSTEE'S REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Structure, Governance and Management (continued)**

**Policies and Procedures Adopted for the Induction and Training of Trustees**

The training and induction provided for new Trustees depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters and is accessed via the governance support service level agreement. All new Trustees are given a tour of the academy and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only one or two Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

**Organisational Structure**

During the year the academy continued to operate a unified management structure. The structure consists of 3 levels: the Trustees, the Senior Leadership Team and the Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. The management structure consists of:

The Trustees

The Senior Leadership Team (1 Headteacher, 1 Deputy Headteacher, 1 Assistant Headteacher)

The Leadership Team (1 SENCO and 1 Inclusion Officer)

The Academy Business Manager.

**Arrangements for setting pay and remuneration of key management personnel**

The Trustees are responsible for setting the Academy Pay Policy which is set in accordance with the provisions of the School Teachers Pay and Conditions Document and NJC pay scales for support staff. The Trustees recognise the requirement for a fair and transparent policy to determine the pay and grading for all staff employed in the school and vacant posts are advertised as appropriate. Robust annual performance management and appraisal procedures are in place for key management personnel. The Headteacher pay is determined by the Headteacher Performance Management and Pay Review Committee which is advised by an external advisor. The Headteacher conducts the performance management of the Senior Leadership Team and makes recommendations to the performance management, Pay Review Committee for approval.

**Related Parties and other Connected Charities and Organisations**

Firthmoor Primary School is a standalone academy and not part of a Multi Academy Trust. There are no connected organisations which have been identified.

Related party transactions are disclosed under note 24.

**Objectives and Activities**

**Objects and Aims**

The principal object and activity of the charitable company is the operation of Firthmoor Primary School, to provide education for students of different abilities between the ages of 3 and 11. In accordance with the Articles of Association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with emphasis on providing the very best care and education for our pupils.

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**TRUSTEE'S REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Objectives and Activities (continued)**

**Objectives and Aims (continued)**

The main objectives of the academy during the year ended 31 August 2019 are summarised below:

- 1) To raise standards in Literacy across the school from Early Years to Year 6 with a particular focus on reading.
- 2) To raise standards in Maths across the school from Early Years to year 6 with a particular focus on times tables and the attainment of target SEND pupils.
- 3) To ensure continuity and progression across all curriculum subjects and ensure that subject leaders/governors have a clear overview of attainment and progress.

**Objectives, Strategies and Activities**

The academy's main objectives are encompassed in its mission statement which is:

At Firthmoor Primary School, we are dedicated to providing the very best care and education for all our children. We want our school to be a happy, inclusive and successful community. Within a safe, positive and supportive environment, our children are encouraged to take responsibility for their own health and well-being.

We promote a love of learning, which encourages our children to aim high and become valuable members of society and pride ourselves on being a school at the heart of the Firthmoor Community, involving pupils, parents and the wider community in our achievements.

To this end the objectives and the strategies used to achieve them include:

- To promote the development of all children, ensuring learning opportunities and programmes are in place for children to make good progress;
- To encourage children to grow and develop their potential by allocating resources, enabling them to fully participate in the life of the school;
- To raise the standard of educational achievement of all students;
- To improve the effectiveness of the academy by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements; and
- To conduct the academy's business in accordance with the highest standards of integrity, probity and openness.

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**TRUSTEE'S REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Objectives and Activities (continued)**

**Objectives, Strategies and Activities (continued)**

We achieve these aims by:

- Providing learning opportunities for all pupils to attain appropriate academic qualifications;
- Offering a broad and balanced curriculum that promotes equal opportunities for all the children within our school;
- Providing a personalised curriculum for those pupils who need additional support to overcome barriers to learning;
- Engaging fully with parents to ensure their involvement with pupils' learning;
- Engagement with partner agencies in developing appropriate provision and supportive strategies;
- Encouraging pupils to develop their own independence and individuality by exploring their strengths and limitations;
- Providing training opportunities for all staff;
- Creating and maintaining strong links with community groups and external stakeholders; and
- Providing a programme of cultural and spiritual activities to ensure that students have the widest possible life experience at school and learn respect for other races, religions and social groups.

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 3 and 11.

**Public Benefit**

The academy's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Trustees have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Trustees have considered this guidance in deciding what activities the academy should undertake.

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**TRUSTEE'S REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Strategic Report**

**Achievements and Performance**

In end of Key Stage assessments the academy performed as follows:

**KS1 - pupils achieving expected level**

	Firthmoor	National (provisional data)
Reading	74%	75%
Writing	67%	70%
Maths	76%	76%

**KS2 – pupils achieving expected level**

Reading	85%	73%
Writing	80%	78%
Maths	97%	79%
GPS	87%	78%
RWM	77%	65%

- Internal monitoring and consultant reports show that standards in learning and teaching are high with many outstanding features.
- KS1 pupils attain broadly in line with national figures for children working at the 'expected' level with an increase of 7% in pupils 'exceeding' the national standard in Maths.
- Attainment at 'expected' and 'exceeding' continues to be above national in Maths at KS2.
- An increase of 3% in KS2 pupils working at 'expected' and 'exceeding' in Reading at KS2.
- Pupil progress scores from KS1 to KS2 were all above the national average in Reading, Writing and Maths.

**Key Performance Indicators**

- External School Improvement Partner + subject consultant reports.
- Pupil progress.
- Early Years attainment.
- Phonic screening results.
- KS1 + KS2 results.
- Ofsted Judgement as Good, November 2016.
- Total income per pupil - £5,379.
- Total GAG income per pupil - £4,096.
- Staff cost per pupil - £4,020.
- Total costs per pupil - £5,598.
- Staff costs as % of total costs – 72%.
- Staff costs as % of total income – 75%.
- Pupil to teacher ratio – 19:1.

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**TRUSTEE'S REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Strategic Report (continued)**

**Assessment of performance against KPIs**

- Reports on monitoring of standards in Early Years, Literacy and Maths evidence that standards in learning and teaching remain high.
- Pupil progress continues to be above national average.
- The school continues to make progress to narrow the gap between GLD% in Early Years compared with national standards – an increase of 4% from 2017/18 to 2018/19.
- Phonic screening results were above the national average.
- 'Expected' standards at KS1 have increased in Reading, Writing and Maths.

Per pupil income is as expected as pupil numbers currently remain stable. Staff costs are in line with current targets and requirements for the school.

**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 Statement of Accounting Policies.

**Financial Review**

Most of the academy income is obtained from the Department of education (DfE) via 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 DfE/ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also receives grants for fixed assets from the DfE/ESFA. In accordance with The Charities Statement of Recommended practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2019, total expenditure of £1,868,000 was in excess of recurrent grant funding from the DfE/ESFA together with other incoming resources. The in-year deficit excluding the pension reserve and restricted fixed asset funds, was £47,000

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy's objectives.

At 31 August 2019 the net book value of fixed assets was £2,291,000 and movements in tangible fixed assets are shown in note 12 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £958,000 recognised on the Balance Sheet.

The academy held fund balances at 31 August 2019 of £1,839,000 comprising £1,630,000 of restricted funds, including £958,000 deficit on the pension reserves, and £209,000 of unrestricted funds. The total of restricted general funds, excluding pension reserve, plus unrestricted funds as at 31 August 2019 was £506,000.

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**TRUSTEE'S REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Strategic Report (continued)**

**Reserves Policy**

The academy holds restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held:

- to provide funds which can be designated to specific areas such as improving facilities;
- to cover costs of any unplanned repairs and maintenance that may be required;
- to provide cost for staff sickness and absences cover.
- to cover ongoing costs in relation to the running of the academy including catering provisions, school trips and uniform costs.

The level of reserves is reviewed by the Trustees regularly throughout the year. The minimum level of reserves for the ongoing needs of an academy is reviewed by the Trustees on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees therefore consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £159,000.

This is considered sufficient to cover

- replacement leadership, teaching and support time to cover staff absence;
- curriculum resources if departments require additional support;
- capital expenditure when projects are identified.

The academy's current level of free reserves are in surplus by £209,000 and therefore are considered to be above the level of reserves required for the ongoing needs of the academy. The Trustees continue to consider additional activities related to the academy's objectives to which the excess reserves may be applied including:

- curriculum resources and support to help raise standards should the academy require additional support;
- additional resources to develop learning and teaching;
- capital expenditure on new projects.

**Investment Policy**

Firthmoor Primary School aims to manage its cash balances to provide for the day-to-day requirement of its operations while protecting the real long-term value of any surplus cash balances against inflation. In addition the academy aims to invest surplus cash funds to optimise returns, but ensure that the investments are such that there is no risk to the loss of these cash funds.

The academy invests surplus funds through money market accounts. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

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**TRUSTEE'S REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Strategic Report (continued)**

**Principal Risks and Uncertainties**

The principal risks and uncertainties are centred on changes in the level of funding from the DfE/ESFA. In addition the academy is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy Balance Sheet.

The Trustees have assessed the major risks, to which the academy is exposed, in particular those relating specifically to teaching provision of facilities and other operational areas of the academy, and its finances. The Trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The academy has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

The academy is subject to a number of risks and uncertainties in common with other academies. The academy has in place procedures to identify and mitigate financial risks.

**Fundraising**

The academy does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

**Plans for Future Periods**

The academy will be looking at directing reserves towards:

- Ensuring that leaders of learning are supported and equipped to improve pupil outcomes.
- Ensuring continuity and progression in curriculum content and delivery.
- Narrowing the attainment gap between boys and girls in reading and writing.

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

There are no funds held as Custodian Trustee on behalf of others.

**Disclosure of information to Auditors**

Insofar as the Trustees are aware:

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

Trustees' report, incorporating a strategic report was approved by order of the Board of Trustees, as the company directors, on 28 November 2019 and signed on the board's behalf by:

  
**W G Paton**  
Chair

**FIRTHMOOR PRIMARY SCHOOL**  
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**GOVERNANCE STATEMENT**

**Scope of responsibility**

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Firthmoor Primary 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. Trustees allow flexibility for a 6th meeting date for specific or targeted agenda items or bespoke training sessions. During the current year all business was dealt with accordingly and no exceptional events necessitated a 6th meeting.

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

Trustee	Meetings attended	Out of a possible
W G Paton, Chair	5	5
V H Pace, Vice Chair	4	5
A Dixon, Headteacher and Accounting Officer	5	5
P Irving	5	5
J Jefferies, (appointed 14 February 2019)	3	3
V Johnston	4	5
J Newbery	3	5
D Owen	3	5
C Shaw, (resigned 20 November 2018)	0	1
N Westmoreland (appointed 17 October 2019)	0	0

During the period the academy has maintained a stable Board of Trustees.

Given the size of the academy the Board of Trustees felt it unnecessary to have a sub-committee, therefore the academy maintains full financial powers to maintain robust internal controls and financial scrutiny and oversight.

**FIRTHMOOR PRIMARY SCHOOL**  
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**GOVERNANCE STATEMENT (CONTINUED)**

**Review of value for money**

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

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

**Improving Educational Results**

Our resources are directed where they will be the most effective in meeting educational requirements, for example:

- Robust tracking systems to record and monitor all aspects of pupil data including progress.
- Continue to monitor staffing levels and deploy staff efficiently to support the curriculum and areas of development.
- Provide a programme of lesson observations and work scrutinies combined with intensive staff development to ensure pupil progress.
- Funding is allocated to optimal effect, for example, providing targeted support and interventions for pupils such as small group tuition, individual pupil support, after school clubs and additional curricular activities.
- Working collaboratively with other schools, sharing good practice to improve CPD and improve standards.
- Implement strategies to improve attendance and end of key stage results.
- Provide increased pastoral and speech and language support for identified pupils.

**Financial Governance and Oversight**

Financial governance arrangements include regular monitoring by the Board of Trustees. This includes;

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports reviewed and agreed by the Board of Trustees.
- Regular monitoring review of reports and data sources within Board of Trustees meetings, monitoring the impact of activities and funding streams, such as pupil premium.
- Regular review of reports within Board of Trustees meetings which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes.
- Robust finance procedures and regular policy reviews ensure the academy is operating within the regulations of the Academies Handbook.
- Comprehensive audit checks, monitoring and reporting on the academy's financial procedures and performance.
- Reviewing appropriate financial benchmarking data, in order to compare the school's financial performance with other similar schools.
- Trustees receive management account reports on a monthly basis.

**Better Purchasing**

- Spending proposals are priced and presented to Trustees, challenged appropriately and recorded in minutes.
- Contracts and service level agreements are reviewed regularly to ensure the service remains suitable for the needs of the academy and tenders / quotations are obtained where appropriate to ensure value for money.
- Continue to work with forum groups and other education providers to improve sharing of good practice and joint procurement of services.

**FIRTHMOOR PRIMARY SCHOOL**  
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**GOVERNANCE STATEMENT (CONTINUED)**

**Review of value for money (continued)**

**Reviewing controls and managing risk**

- Cash flow forecasts are included within regular reports to identify and invest surplus cash balances and maximise bank interest.
- Clearly defined purchasing (asset purchase or capital investment) guidelines.
- Delegation of authority and segregation of duties are defined within policies and Board of Trustees meetings.
- Review of risk register is a standing agenda item for all meetings.

**The purpose of the system of internal control**

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

**Capacity to handle risk**

The Board of Trustees has reviewed the key risks to which the academy 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 ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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**GOVERNANCE STATEMENT (CONTINUED)**

**The risk and control framework**

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Clive Owen LLP, the external auditors, to perform additional checks.

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

- Testing of payroll systems
- Testing of purchase systems
- Testing of control account/bank reconciliations
- Testing of income
- Testing of the accounting systems and management information provided
- Review of Trustee appointments/resignations and declarations of interest
- Review of gifts and hospitality & honorarium/ex-gratia payments
- Review of information technology strategy
- Review of fixed assets
- Review of VAT position

On a termly basis, the external auditors report to the Board of Trustees through the Trustees meetings on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The external auditors have delivered their schedule of work as planned and no material control issues have arisen as a result of their work.

**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 external auditors;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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


**FIRTHMOOR PRIMARY SCHOOL**  
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**GOVERNANCE STATEMENT (CONTINUED)**

Approved by order of the members of the Board of Trustees on 28 November 2019 and signed on their behalf by:



W.G. Paton  
Chair



A Dixon  
Accounting Officer

**FIRTHMOOR PRIMARY SCHOOL**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

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

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



A Dixon  
Accounting Officer  
Date: 28 November 2019

**FIRTHMOOR PRIMARY SCHOOL**  
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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from DfE/ESFA 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 28 November 2019 and signed on its behalf by:



W.G Paton  
Chair

**FIRTHMOOR PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
FIRTHMOOR PRIMARY SCHOOL**

**Opinion**

We have audited the financial statements of Firthmoor Primary School (the 'academy') for the year ended 31 August 2019 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 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & 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 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

**FIRTHMOOR PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
FIRTHMOOR PRIMARY SCHOOL (CONTINUED)**

**Other information**

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

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Report 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.

**FIRTHMOOR PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
FIRTHMOOR PRIMARY SCHOOL (CONTINUED)**

**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.

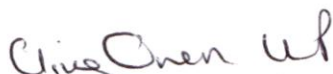
**Auditors' responsibilities for the audit of the financial statements**

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

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

**Use of our report**

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



Kevin Shotton BA FCA (Senior Statutory Auditor)

for and on behalf of

**Clive Owen LLP**

Chartered Accountants  
Statutory Auditors

140 Coniscliffe Road  
Darlington  
County Durham  
DL3 7RT

28 November 2019

**FIRTHMOOR PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

In accordance with the terms of our engagement letter dated 19 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Firthmoor Primary School during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Firthmoor Primary School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Firthmoor Primary 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 Firthmoor Primary School and ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Firthmoor Primary School's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Firthmoor Primary School's funding agreement with the Secretary of State for Education dated 1 May 2012 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**FIRTHMOOR PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

**Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

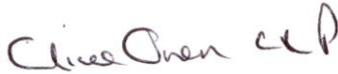
- Review of Board of Trustees' and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Review documentation provided to Trustees and Accounting Officer setting out responsibilities;
- Obtained formal letter of representation detailing the responsibilities of Trustees;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interest;
- Review of related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy;
- Review whistleblowing procedures;
- Review pay policy and factors determining executive pay;
- Review of staff expenses;
- Review other income to ensure is in line with funding agreement;
- Review governance structure and number of meetings held, and;
- Review whether there is a risk register in place.

**FIRTHMOOR PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

**Conclusion**

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

A handwritten signature in dark ink, appearing to read 'Clive Owen' followed by a stylized monogram or initials.

**Clive Owen LLP**

**Reporting Accountant**  
140 Coniscliffe Road  
Darlington  
County Durham  
DL3 7RT

Date: 28 November 2019

**FIRTHMOOR PRIMARY SCHOOL**  
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
<b>Income from:</b>						
Donations and capital grants	3	2	-	20	22	9
Charitable activities	4	21	1,674	-	1,695	1,599
Other trading activities	5	8	-	-	8	9
<b>Total income</b>		<b>31</b>	<b>1,674</b>	<b>20</b>	<b>1,725</b>	<b>1,617</b>
<b>Expenditure on:</b>						
Charitable activities	6	35	1,749	84	1,868	1,727
<b>Total expenditure</b>		<b>35</b>	<b>1,749</b>	<b>84</b>	<b>1,868</b>	<b>1,727</b>
<b>Net expenditure</b>		<b>(4)</b>	<b>(75)</b>	<b>(64)</b>	<b>(143)</b>	<b>(110)</b>
Transfers between funds	16	-	(61)	61	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>(4)</b>	<b>(136)</b>	<b>(3)</b>	<b>(143)</b>	<b>(110)</b>
<b>Other recognised gains/(losses):</b>						
Actuarial losses on defined benefit pension schemes	22	-	(263)	-	(263)	132
<b>Net movement in funds</b>		<b>(4)</b>	<b>(399)</b>	<b>(3)</b>	<b>(406)</b>	<b>22</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		213	(262)	2,294	2,245	2,223
Net movement in funds		(4)	(399)	(3)	(406)	22
<b>Total funds carried forward</b>		<b>209</b>	<b>(661)</b>	<b>2,291</b>	<b>1,839</b>	<b>2,245</b>

**FIRTHMOOR PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 08027879**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2019**


	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	12	2,291	2,294
		<u>2,291</u>	<u>2,294</u>
<b>Current assets</b>			
Stocks	13	2	2
Debtors	14	128	85
Cash at bank and in hand		483	578
		<u>613</u>	<u>665</u>
Creditors: amounts falling due within one year	15	(107)	(112)
<b>Net current assets</b>		<u>506</u>	<u>553</u>
<b>Total assets less current liabilities</b>		<u>2,797</u>	<u>2,847</u>
<b>Net assets excluding pension liability</b>		<u>2,797</u>	<u>2,847</u>
Defined benefit pension scheme liability	22	(958)	(602)
<b>Total net assets</b>		<u><u>1,839</u></u>	<u><u>2,245</u></u>

**FIRTHMOOR PRIMARY SCHOOL**  
(A Company Limited by Guarantee)

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2019**

	Note	2019	2019 £000	2018	2018 £000
<b>Funds of the academy</b>					
<b>Restricted funds:</b>					
Fixed asset funds	16	2,291		2,294	
Restricted income funds	16	297		340	
Restricted funds excluding pension asset	16	2,588		2,634	
Pension reserve	16	(958)		(602)	
<b>Total restricted funds</b>	16		1,630		2,032
<b>Unrestricted income funds</b>	16		209		213
<b>Total funds</b>			<u>1,839</u>		<u>2,245</u>

The financial statements on pages 24 to 52 were approved by the Trustees, and authorised for issue on 28 November 2019 and are signed on their behalf, by:

  
W G Paton  
Chair

**FIRTHMOOR PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019 £000	2018 £000
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	19	(34)	(15)
<b>Cash flows from investing activities</b>	20	(61)	(7)
<b>Change in cash and cash equivalents in the year</b>		(95)	(22)
Cash and cash equivalents at the beginning of the year		578	600
<b>Cash and cash equivalents at the end of the year</b>	21	<u>483</u>	<u>578</u>

**FIRTHMOOR PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

**1. Accounting policies**

**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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Firthmoor Primary School meets the definition of a public benefit entity under FRS 102.

**1.2 Fund Accounting**

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

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

**1.3 Income**

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

• **Grants**

Grants are included in the Statement of Financial Activities incorporating Income and Expenditure Account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

• **Donations**

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

• **Other income**

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

**FIRTHMOOR PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

**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.

• **Charitable activities**

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

All expenditure is inclusive of irrecoverable VAT.

**1.5 Going concern**

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

**1.6 Tangible fixed assets**

All assets costing more than £500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, on a reducing balance basis over its expected useful life, as follows:

**FIRTHMOOR PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

**1. Accounting policies (continued)**

**1.6 Tangible fixed assets (continued)**

Depreciation is provided on the following bases:

Leasehold property	- 50 years
Furniture and fixtures	- 7 years
Computer equipment	- 3 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 incorporating Income and Expenditure Account.

**1.7 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 Bank.

**1.8 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.9 Debtors**

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

**1.10 Cash at bank and in hand**

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

**1.11 Liabilities and Provision**

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

**FIRTHMOOR PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

**1. Accounting policies (continued)**

**1.12 Financial instruments**

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy and their measurement 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 14. 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 15. 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.

**1.13 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.

**1.14 Operating leases**

Rentals under operating leases are charged to the Statement of Financial Activities Incorporating Income and Expenditure Account on a straight line basis over the lease term.

**FIRTHMOOR PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

**1. Accounting policies (continued)**

**1.15 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.

**FIRTHMOOR PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

**2. Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

The academy 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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability

Depreciation – Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £84,000.

Critical areas of judgment:

There are two recent court cases which could impact on the future liabilities associated with the LGPS scheme, McCloud Sargeant (McCloud) and GMP Indexation and Equalisation (GMP).

McCloud

In 2015 the government introduced reforms to public sector pensions resulting in most public sector workers being transferred to a new scheme. In December 2018, the Court of Appeal ruled that the 'transitional protections' offered to some members of the judges and firefighter schemes as part of the reforms amounted to unlawful discrimination. While the judgement was not in relation to the LGPS it is reasonable to expect that it will need to be applied to this scheme by the government. Actuaries have estimated that the additional liabilities associated with this to be around 3-4% of active liabilities. As this has been considered to be potentially material to the financial statements the year end valuation performed by the actuary has included an approximate calculation of the McCloud valuation. This has increased the LGPS liability by £50,000 as at 31 August 2019.

GMP

This case related to the equalisation for men and women of guaranteed minimum pension (GMP) for those who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled that equalisation of GMP was required. This case was in relation to Lloyds Bank and HM Treasury have since gone on record to state public sector schemes have a method to equalise GMP already. There is however some judgement in how this equalisation works and is reflected in the LGPS valuations. Actuaries have estimated that the impact of GMP indexation to be around 0.3% of total liabilities. Based on this estimate it would increase liabilities by £7,000 which has been assessed to be immaterial to the financial statements.

Land and Buildings – Land and buildings are held under a 125 year lease from Darlington Borough Council. These assets are included on the Balance Sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.

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**3. Income from donations and capital grants**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Donations	2	-	2	2
Capital Grants	-	20	20	7
	<u>2</u>	<u>20</u>	<u>22</u>	<u>9</u>
Total 2018	<u>2</u>	<u>7</u>	<u>9</u>	

**4. Funding for the academy's educational operations**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	1,299	1,299	1,227
Pupil Premium	-	220	220	219
PE Teacher Grant	-	18	18	18
UFSM	-	36	36	36
Rates	-	8	8	7
Other DfE/ESFA grants	-	10	10	5
	<u>-</u>	<u>1,591</u>	<u>1,591</u>	<u>1,512</u>
<b>Other government grants</b>				
SEN	-	21	21	6
Early Years Funding	-	55	55	56
Other Government Grants	-	7	7	5
	<u>-</u>	<u>83</u>	<u>83</u>	<u>67</u>
<b>Other Funding</b>				
Student Trips	3	-	3	2
Student Catering	18	-	18	18
	<u>21</u>	<u>1,674</u>	<u>1,695</u>	<u>1,599</u>
<b>Total 2019</b>	<u>21</u>	<u>1,674</u>	<u>1,695</u>	<u>1,599</u>
Total 2018	<u>20</u>	<u>1,579</u>	<u>1,599</u>	

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**5. Other trading activities**

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Other	8	8	9

In 2018, of the total income from other trading activities, £9,000 was to unrestricted funds and £nil was to restricted funds.

**6. Expenditure**

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000	Total 2018 £000
Academy's educational operations:					
Direct costs	1,271	-	80	1,351	1,229
Allocated support costs	108	188	221	517	498
<b>Total 2019</b>	<u>1,379</u>	<u>188</u>	<u>301</u>	<u>1,868</u>	<u>1,727</u>
Total 2018	<u>1,261</u>	<u>173</u>	<u>293</u>	<u>1,727</u>	

In 2019, of the total expenditure, £35,000 (2018 - £14,000) was to unrestricted funds and £1,833,000 (2018 - £1,713,000) was to restricted funds.

There were no individual transactions exceeding £5,000 for:

- Compensation payments
- Gifts made by the trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

There were no ex-gratia payments in the year.

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**7. Analysis of expenditure by activities**

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Academy's educational operations	1,351	517	1,868	1,727
Total 2018	1,229	498	1,727	

**Analysis of direct costs**

	Total funds 2019 £000	Total funds 2018 £000
Staff costs	1,271	1,161
Educational supplies	48	44
Staff development	5	2
Technology costs	12	11
Other costs	15	11
	1,351	1,229

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**7. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

	Total funds 2019 £000	Total funds 2018 £000
Pension income	16	16
Staff costs	108	100
Depreciation	84	83
Technology costs	6	8
Transport	7	5
Maintenance of premises	35	27
Cleaning	23	24
Other premises costs	11	13
Energy	24	22
Rent & rates	8	7
Catering	88	82
RPA fees	8	7
Other support costs	89	92
Governance costs	10	12
	<u>517</u>	<u>498</u>

**8. Net expenditure**

Net expenditure for the year includes:

	2019 £000	2018 £000
Operating lease rentals	2	2
Depreciation of tangible fixed assets	84	83
Fees paid to auditors for:		
- audit	7	6
- other services	2	4
	<u>93</u>	<u>95</u>

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**FOR THE YEAR ENDED 31 AUGUST 2019**

**9. Staff costs**

**a. Staff costs**

Staff costs during the year were as follows:

	2019 £000	2018 £000
Wages and salaries	1,023	962
Social security costs	90	85
Pension costs	247	194
	<hr/> 1,360	<hr/> 1,241
Supply staff costs	19	20
	<hr/> 1,379	<hr/> 1,261
	<hr/> <hr/>	<hr/> <hr/>

Included in pension costs is a debit of £77,000 (2018: £36,000) relating to the pension deficit actuarial adjustment.

**b. Staff numbers**

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

	2019 No.	2018 No.
Teachers	14	14
Teaching support	19	18
Administration	3	3
Management	3	3
Caretaker	1	1
	<hr/> 40	<hr/> 39
	<hr/> <hr/>	<hr/> <hr/>

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**9. Staff costs (continued)**

**c. Higher paid staff**

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

	2019 No.	2018 No.
In the band £70,001 - £80,000	1	1

**d. Key management personnel**

The key management personnel of the academy comprise the Trustees, the Headteacher and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer national insurance and employer pension contributions) received by key management personnel for their service to the academy trust was £229,000 (2018: £274,000).

**10. Trustees' remuneration and expenses**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. The Headteacher 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, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2019 £000	2018 £000
A Dixon (Headteacher and Staff Trustee)	Remuneration	75 - 80	70-75
	Pension contributions paid	10 - 15	10-15
V Morrow (Staff Trustee)	Remuneration		30-35
	Pension contributions paid		5-10
M True (Staff Trustee)	Remuneration	-	35-40
	Pension contributions paid	-	5-10
A Savage (Staff Trustee)	Remuneration	-	20-25
	Pension contributions paid	-	0-5
C Smithurst (Parent Trustee)	Remuneration	-	5-10
	Pension contributions paid	-	0-5

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

During the year ended 31 August 2019, no Trustees received any reimbursement of expenses (2018 - £NIL ).

**11. Trustees' and Officers' insurance**

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

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**12. Tangible fixed assets**

	Leasehold property £000	Furniture and fixtures £000	Computer equipment £000	Total £000
<b>Cost or valuation</b>				
At 1 September 2018	2,506	197	68	2,771
Additions	-	75	6	81
At 31 August 2019	2,506	272	74	2,852
<b>Depreciation</b>				
At 1 September 2018	317	96	64	477
Charge for the year	50	29	5	84
At 31 August 2019	367	125	69	561
<b>Net book value</b>				
At 31 August 2019	2,139	147	5	2,291
At 31 August 2018	2,189	101	4	2,294

**13. Stocks**

	2019 £000	2018 £000
Finished goods and goods for resale	2	2

**14. Debtors**

	2019 £000	2018 £000
Short term investments	47	-
VAT debtor	15	12
Prepayments and accrued income	66	73
	128	85

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

	2019 £000	2018 £000
Trade creditors	29	35
Other taxation and social security	21	22
Other creditors	21	20
Accruals and deferred income	36	35
	<u>107</u>	<u>112</u>
	<u><u>107</u></u>	<u><u>112</u></u>
	2019 £000	2018 £000
Deferred income at 1 September 2018	27	26
Resources deferred during the year	29	27
Amounts released from previous periods	(27)	(26)
	<u>29</u>	<u>27</u>
<b>Deferred income at 31 August 2019</b>	<u><u>29</u></u>	<u><u>27</u></u>

At the Balance Sheet date the academy held funding received in advance in respect of rates reclaims, UIFSM income and breakfast sales.

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

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
<b>Unrestricted funds</b>						
General Funds	213	31	(35)	-	-	209
<b>Restricted general funds</b>						
General Annual Grant	340	1,299	(1,281)	(61)	-	297
Pupil Premium	-	220	(220)	-	-	-
PE Grant	-	18	(18)	-	-	-
UIFSM	-	36	(36)	-	-	-
Rates Relief	-	8	(8)	-	-	-
Other DfE/ESFA grants	-	10	(10)	-	-	-
SEN Funding	-	21	(21)	-	-	-
Other government grants	-	62	(62)	-	-	-
Pension reserve	(602)	-	(93)	-	(263)	(958)
	<u>(262)</u>	<u>1,674</u>	<u>(1,749)</u>	<u>(61)</u>	<u>(263)</u>	<u>(661)</u>

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

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
<b>Restricted fixed asset funds</b>						
Inherited on conversion	2,171	-	(50)	-	-	2,121
DfE/ESFA capital grants	52	20	(13)	-	-	59
Capital expenditure from GAG	56	-	(19)	61	-	98
PE Grant	7	-	(1)	-	-	6
Big Lottery	8	-	(1)	-	-	7
	<u>2,294</u>	<u>20</u>	<u>(84)</u>	<u>61</u>	<u>-</u>	<u>2,291</u>
<b>Total Restricted funds</b>	<u>2,032</u>	<u>1,694</u>	<u>(1,833)</u>	<u>-</u>	<u>(263)</u>	<u>1,630</u>
<b>Total funds</b>	<u>2,245</u>	<u>1,725</u>	<u>(1,868)</u>	<u>-</u>	<u>(263)</u>	<u>1,839</u>

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**16. Statement of funds (continued)**

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

The General Annual Grant (GAG) must be used for the normal running costs of the academy including salaries and related costs, overheads, repairs and maintenance, and insurance.

Pupil Premium is additional funding to be spent as the school sees fit to support deprived students.

PE Grant relates to funding received solely for the provision of sports within the school, including teaching costs relating to PE.

UIFSM is funding received for the provision of catering services.

Other DfE/ESFA grants relates to a Teacher Pay Award grant to be used to fund teachers salaries.

SEN Funding is to be spent providing extra support to pupils with special educational needs.

Other government grants includes Early Years Funding which is to be used for the provision of a Nursery school.

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 22.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

Unrestricted funds can be used for any purpose at the discretion of the academy.

Transfers have been made from GAG to fixed asset funds in relation to capital assets acquired through GAG.

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

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

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
<b>Unrestricted funds</b>						
General Funds	196	31	(14)	-	-	213
<b>Restricted general funds</b>						
General Annual Grant	346	1,227	(1,233)	-	-	340
Pupil Premium	-	219	(219)	-	-	-
PE Grant	-	18	(11)	(7)	-	-
UIFSM	-	41	(41)	-	-	-
Rates Relief	-	7	(7)	-	-	-
Other DfE/ESFA grants	-	5	(5)	-	-	-
SEN Funding	-	6	(6)	-	-	-
Other government grants	-	61	(61)	-	-	-
Pension reserve	(682)	-	(52)	-	132	(602)
	<u>(336)</u>	<u>1,584</u>	<u>(1,635)</u>	<u>(7)</u>	<u>132</u>	<u>(262)</u>
<b>Restricted fixed asset funds</b>						
Inherited on conversion	2,221	-	(50)	-	-	2,171
DfE/ESFA capital grants	57	7	(12)	-	-	52
Capital expenditure from GAG	75	-	(19)	-	-	56
PE Grant	-	-	-	7	-	7
Big Lottery	10	-	(2)	-	-	8
	<u>2,363</u>	<u>7</u>	<u>(83)</u>	<u>7</u>	<u>-</u>	<u>2,294</u>

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
<b>Total Restricted funds</b>	2,027	1,591	(1,718)	-	132	2,032
<b>Total funds</b>	2,223	1,622	(1,732)	-	132	2,245

**17. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	2,291	2,291
Current assets	209	404	-	613
Creditors due within one year	-	(107)	-	(107)
Provisions for liabilities and charges	-	(958)	-	(958)
<b>Total</b>	209	(661)	2,291	1,839

**Analysis of net assets between funds - prior year**

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	2,294	2,294
Current assets	214	451	-	665
Creditors due within one year	(1)	(111)	-	(112)
Provisions for liabilities and charges	-	(602)	-	(602)
<b>Total</b>	213	(262)	2,294	2,245

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**18. Net interest cost on pension scheme**

	2019 £000	2018 £000
Interest income on pension scheme assets	35	28
Interest on pension scheme liabilities	(51)	(44)
	<u>(16)</u>	<u>(16)</u>

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

	2019 £000	2018 £000
Net expenditure for the year (as per Statement of Financial Activities)	(143)	(110)
<b>Adjustments for:</b>		
Depreciation	84	83
Capital grants from DfE and other capital income	(20)	(7)
Defined benefit pension scheme cost less contributions payable	77	36
Defined benefit pension scheme finance cost	16	16
Decrease in stocks	-	2
Increase in debtors	(43)	(26)
Decrease in creditors	(5)	(9)
<b>Net cash used in operating activities</b>	<u>(34)</u>	<u>(15)</u>

**20. Cash flows from investing activities**

	2019 £000	2018 £000
Purchase of tangible fixed assets	(81)	(14)
Capital grants from DfE Group	20	7
<b>Net cash used in investing activities</b>	<u>(61)</u>	<u>(7)</u>

**21. Analysis of cash and cash equivalents**

	2019 £000	2018 £000
Cash in hand	483	578
<b>Total cash and cash equivalents</b>	<u>483</u>	<u>578</u>

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**22. Pension commitments**

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

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

Contributions amounting to £21,000 were payable to the schemes at 31 August 2019 (2018 - £20,000) and are included within creditors.

**Teachers' Pension Scheme**

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

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

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (amended) published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (amended). The valuation report was prepared for 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% employer administration charge)
- 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
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the 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 is 4.45%.

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**22. Pension commitments (continued)**

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%).

The employer's pension costs paid to TPS in the year amounted to £100,000 (2018 - £92,000).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £91,000 (2018 - £86,000), of which employer's contributions totalled £70,000 (2018 - £66,000) and employees' contributions totalled £ 21,000 (2018 - £20,000). The agreed contribution rates for future years are 17.2% for employers and 5.5-12.5% for employees.

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

**Principal actuarial assumptions**

	2019 %	2018 %
Rate of increase in salaries	3.60	3.50
Rate of increase for pensions in payment/inflation	2.10	2.00
Discount rate for scheme liabilities	1.90	2.80
Inflation assumption (CPI)	2.10	2.00
Commutation of pensions to lump sums	80.00	80.00

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	22.3	23.3
Females	23.8	25.0
<i>Retiring in 20 years</i>		
Males	24.0	25.5
Females	25.7	27.3

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**22. Pension commitments (continued)**

**Sensitivity analysis**

	2019 £000	2018 £000
Discount rate +0.1%	2,329	1,769
Discount rate -0.1%	2,440	1,853
Mortality assumption - 1 year increase	2,303	1,759
Mortality assumption - 1 year decrease	2,466	1,863
CPI rate +0.1%	2,417	1,836
CPI rate -0.1%	2,352	1,787
	<u>2,352</u>	<u>1,787</u>

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

	At 31 August 2019 £000	At 31 August 2018 £000
Equities	718	587
Government bonds	367	302
Corporate bonds	167	158
Property	103	82
Cash and other liquid assets	71	80
<b>Total market value of assets</b>	<u>1,426</u>	<u>1,209</u>

The actual return on scheme assets was £133,000 (2018 - £44,000).

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

	2019 £000	2018 £000
Current service cost	(97)	(102)
Past service cost	(50)	-
Interest income	35	28
Interest cost	(51)	(44)
<b>Total</b>	<u>(163)</u>	<u>(118)</u>

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**22. Pension commitments (continued)**

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

	2019 £000	2018 £000
<b>Opening defined benefit obligation</b>	1,811	1,768
Current service cost	97	102
Interest cost	51	44
Employee contributions	21	20
Actuarial losses/(gains)	361	(116)
Benefits paid	(7)	(7)
Past service costs	50	-
<b>Closing defined benefit obligation</b>	<u>2,384</u>	<u>1,811</u>

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

	2019 £000	2018 £000
<b>Opening fair value of scheme assets</b>	1,209	1,086
Interest income	35	28
Actuarial gains	98	16
Employer contributions	70	66
Employee contributions	21	20
Benefits paid	(7)	(7)
<b>Closing fair value of scheme assets</b>	<u>1,426</u>	<u>1,209</u>

**23. Operating lease commitments**

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

	2019 £000	2018 £000
<b>AMOUNTS PAYABLE:</b>		
Within one year	2	2
Between one and five years	4	3
	<u>6</u>	<u>5</u>

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**24. Related party transactions**

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

**Expenditure related party transactions**

VH Pace received £3,000 (2018:£3,000) in respect of services provided for curriculum support for Modern Foreign Languages. VH Pace did not receive any payment from the academy in respect of her role as Trustee.

In entering into the transaction the academy has complied with the requirements of the Academies Financial Handbook 2018 and was made at arms' length.

The element above £2,500 has been provided 'at no more than cost' and VH Pace has provided a statement of assurance confirming this.