

Bishop Luffa School
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2019

Company Registration Number:
08749379 (England and Wales)

Bishop Luffa School

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Bishop Luffa School

Reference and Administrative Details

Members:

The Diocese of Chichester Education Trust
The Dean and Chapter of the Cathedral Church of the Holy Trinity in Chichester
The Rural Dean of Chichester
The Rural Dean of Westbourne
The Rural Dean of Arundel and Bognor
The Chair of the Board of Directors

Trustees:

N Hoggarth*	(Chair – Foundation Director)
J Wilson	(Vice-Chair – Foundation Director)
I Creswick*	(Foundation Director)
G Ewins*	(Foundation Director)
S Holland	(Ex-officio Foundation Director)
D Jarratt	(Foundation Director)
M Lumley	(Foundation Director)
B Dempster*	(Foundation Director)
A Doye	(Foundation Director)
A Taylor-Bennett	(Foundation Director)
A Hindman*	(Headteacher and Accounting Officer from 1 September 2018)
L Eames	(Staff Director)
R Topley	(Staff Director – until 9 November 2018)
E Arnold	(Staff Director – from 12 November 2018 to 31 August 2019)
C Bacon*	(Parent Director)
B Ghinelli	(Parent Director)
N Shaw	(Co-opted Director)

**members of the Resources committee*

Company Secretary

M Nicholds

Senior Management Team:

A Hindman	(Headteacher – from 1 September 2018)
S Williams	(Deputy Head)
S White	(Deputy Head)
M Nicholds	(Business Manager)
J Saunders	(Assistant Head)
A Sharma	(Assistant Head)
L Watson	(Assistant Head)
A Jackson	(Assistant Head)
N Topley	(Assistant Head)

Bishop Luffa School

Reference and Administrative Details

Company Name

Bishop Luffa School

Principal and Registered Office

Bishop Luffa Close
Chichester
West Sussex
PO19 3LT

Company Registration Number

08749379 (England and Wales)

Independent Auditor

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

Bankers

Lloyds Bank Plc
10 East Street
Chichester
West Sussex
PO19 1HJ

Solicitors

Winckworth Sherwood LLP
Minerva House
5 Montague Close
London
SE1 9BB

Bishop Luffa School

Trustees' Report

'Trustee', 'director' and 'governor' mean the same and are used interchangeably.

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 a Church of England academy for pupils aged 11-18 serving the local area of West Chichester and the three deaneries to the west of the Chichester Diocese. It has a pupil capacity of 1466 and the school roll was 1464 in June 2019.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust.

The trustees of Bishop Luffa School are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Bishop Luffa 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.

**As required in the academy trust's funding agreement/memorandum and articles of association.*

Trustees' Indemnities

Directors' third party indemnity is covered by the Risk Protection Arrangement that the school has with the Department for Education.

Method of Recruitment and Appointment or Election of Trustees

The Members shall appoint no fewer than 11 Foundation Directors one of whom shall be the Incumbent of St Wilfrid's Church, in the ecclesiastical parish in which Bishop Luffa School is situated, or in the case of vacancy or unwillingness of the Incumbent to act, such person as may be appointed to act in their stead by the Archdeacon of the Archdeaconry of Chichester.

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

Bishop Luffa School

Trustees' Report

Method of Recruitment and Appointment or Election of Trustees (continued)

In appointing the Staff Directors the Directors shall hold a secret ballot of all staff employed under a contract of employment or a contract for services or otherwise engaged to provide services to the Academy (excluding the Principal). All arrangements for the calling and the conduct of the election and resolution of questions as to whether any person is an eligible candidate shall be determined by the Directors. If a Staff Director ceases to work at the Academy then he shall be deemed to have resigned and shall cease to be a Director automatically on termination of his work at the Academy. Any election of a Staff Director which is contested shall be held by secret ballot.

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

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

The arrangements made for the election of a Parent Director shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if they prefer, by having their ballot paper returned to the Academy Trust by a registered pupil at the Academy.

Where a vacancy for a Parent Director is required to be filled by election, the Board of Directors shall take such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, informed that he is entitled to stand as a candidate, and vote at the election, and given an opportunity to do so.

The number of Parent Directors required shall be made up by Parent Directors appointed by the Board of Directors if the number of parents standing for election is less than the number of vacancies.

In appointing a Parent Director the Board of Directors shall appoint a person who is the parent of a registered pupil at the Academy; or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

Directors, with the consent of the Diocese of Chichester Education Trust, may appoint up to 2 Co-opted Directors for such term (not exceeding four years) and otherwise upon such conditions as they shall think fit provided that if any such Directors are appointed the number of Foundation Directors permitted shall increase proportionately to ensure that a majority plus 2 of Directors are Foundation Directors. A 'Co-opted Director' means a person who is appointed to be a Director by being Co-opted by Directors who have not themselves been so appointed. The Directors may not co-opt an employee of the Academy Trust as a Co-opted Director if thereby the number of Directors who are employees of the Academy Trust would exceed one third of the total number of Directors (including the Principal).

Bishop Luffa School

Trustees' Report

Policies and Procedures Adopted for the Induction and Training of Trustees

All new Directors are provided with a copy of the school prospectus, the list of Directors and committee membership document, an up to date training booklet and a copy of the School Development Plan. All new Directors meet individually with the Headteacher and are given a tour of the school (unless it is a staff Director). Directors can attend any training session that they feel is appropriate to them and they are encouraged to attend the designated training for new Directors.

Opportunities to join a committee are offered and Directors can become a Link Director for a Department or for Safeguarding, Data, Data Protection, or Pupil Premium when there is a vacancy.

Organisational Structure

The Board of Directors of Bishop Luffa School devolves the responsibility of the day to day running of the school to the Headteacher and the Leadership Team. Their activities and decisions are monitored through a number of Directors' committees. The main committees are:

Resources Committee	I Creswick, Chair
Curriculum and Progress Committee	J Wilson, Chair
Admissions Committee	S Holland, Chair
Staffing and Welfare Committee	N Hoggarth, Chair

The Admissions, Resources and Curriculum & Progress committees meet at least once every half term and the Staffing and Welfare committee meets at least once every term. All meetings are attended by at least one member of the Leadership Team and the Headteacher attends all meetings.

Resources Committee

The School Business Manager prepares the financial data and meets with the Headteacher prior to the Resources Committee meetings. The Business Manager reports on the actual income and expenditure figures for the year to date and the forecast to the end of the financial year. The School Architect provides a report every meeting with regard to buildings and the Health and Safety representative provides a termly report. The Chairman reports to the full Board of Directors.

Curriculum and Progress Committee

The Headteacher reports to the committee on any curriculum changes and on targets and achievement. The Chairman reports to the full Board of Directors.

Admissions Committee

The committee reviews the Admissions Policy, having regard to the School Admissions Code and the Academy Funding Agreement Annex B. The Committee also considers applications and allocates places in accordance with the Admissions Policy. Changes to the Admissions Policy are referred to the Board of Directors for approval. The Chairman reports to the full Board of Directors.

Bishop Luffa School

Trustees' Report

Organisational Structure (continued)

Staffing and Welfare Committee

The Staffing and Welfare Committee monitors and reviews appraisal and professional development, recruitment, the Pay Policy and other policies which deal with staffing issues. Changes to policies and recommendations for sabbatical leave are referred to the Board of Directors for approval. The Chairman reports to the full Board of Directors.

Faith & Worship Committee

This committee monitors and reviews the spiritual health of the school. It evaluates the school's quality and effectiveness in meeting its holistic vision for the education of our young people. The Chairman reports to the full Board of Directors.

Drugs Policy Review Group

This committee meets annually and reviews the school's Drugs Policy. The Chairman reports to the full Board of Directors.

Arrangements for setting pay and remuneration of key management personnel

When the school converted to academy status on 1 December 2013 all staff retained the same terms and conditions of employment.

The Leadership Team's pay is reviewed annually by a Directors' Leadership Team Review Group. Teaching staff of the Leadership Team have their salary set within an individual salary range in line with the Standard Teachers Pay and Conditions Document. The School Business Manager is paid on the Hay Grade Scale and is reviewed by the same group.

The Headteacher's pay is reviewed annually by a Directors' Headteacher Pay Review Group in line with the Standard Teachers Pay and Conditions Document.

Bishop Luffa School

Trustees' Report

Trade union facility time

The school has a Union representative for the teaching body and one for the Support Staff.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
2	1.4

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	2
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£1,756
Total pay bill	£5,958,583
Percentage of the total pay bill spent on facility time	0.03%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100%
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Related Parties and other Connected Charities and Organisations

As a Church of England Academy, the school has a close working relationship with Chichester Diocese. This is illustrated in the makeup of the Academy Trust's members and the objects of the school as set out in the Articles of Association which refers to developing the school with a designated Church of England religious character offering a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England.

Bishop Luffa School

Trustees' Report

Objectives and Activities

Objectives, Strategies and Activities

We strive to give students an experience of school that reflects John 10:10 'I have come in order that you may have life – life in all its fullness'. We are focussed on giving students the opportunity to explore different subjects, different sports and different hobbies and forge an identity that is their own. Guiding all of this is a belief that a full life flows from a relationship with God.

Our expectation for staff and students' conduct in school is based on Mark 12:31 'Love your neighbour as you love yourself'. This has been turned into our school motto: 'always our best because everyone matters.' Increasingly we find that the hardest part is helping students to love themselves and believe that they matter to other people and to God.

Bishop Luffa School is a Church of England academy serving the Diocese of Chichester. We have 1467 students across years 7 to 13. The school is presently oversubscribed at 11-16, where students are organised into 8 House groups per year. The Sixth Form has a target of 160 students per year but presently has 143 in Year 12 and 134 in Year 13. Our strategy for the college is that we take an academic focus to compliment the strong vocational offer at Chichester College. We have a minimum entry requirement of 5 GCSEs at grade 5 or above, with 6s expected in the subjects being taken at A'Level (except Maths, which requires a grade 7). To maintain this profile, we have been targeting external students and have seen this number more than double, with 37 students from other schools starting at Bishop Luffa in September 2019.

We have a historic gender imbalance, with more girls than boys in every year group except Year 11. We have low numbers of students that meet the government's definition of disadvantaged students compared to national averages; low number of students with EHCPs; low numbers of CLA students. However, each of these categories is rising within the school, reflecting wider issues locally and nationally.

Years 7-11

	CLA	EHCP	SEND	FORCES	EAL	EVER 6	FSM
BLS 2019 – 20	3	9	158	22	64	64	60
NATIONAL 2019 -20	TBC	TBC	TBC	TBC	TBC	TBC	TBC
BLS 2018-19	6	8	124	26	51	-	-
NATIONAL 2018-19	N/A	15	113	N/A	N/A	N/A	123

Total Pupils on roll: 1,199

Sixth Form

	CLA	EHCP	SEND	FORCES	EAL	EVER 6	FSM
BLS 2019 – 20	2	-	10	-	9	60	52
NATIONAL 2019 -20	TBC	TBC	TBC	TBC	TBC	TBC	TBC
BLS 2018-19	1	-	11	-	7	2	2
NATIONAL 2018-19	N/A	1	7	N/A	N/A	N/A	9

Total Pupils on roll: 271

Bishop Luffa School

Trustees' Report

Objectives, Strategies and Activities (continued)

Both Main School and Sixth Form

	CLA	EHCP	SEND	FORCES	EAL	EVER 6	FSM
NATIONAL 2018-19*	N/A	16	120	N/A	163	N/A	132

At Bishop Luffa we aim to be a confident outward looking community where:

- Children and staff see a **bright future, develop spiritually** and express their **own views of faith and worship**
- Students are creative and adventurous, taking risks to expand their understanding
- We are **accepting and inclusive** appreciating each other's **God given character and gifts**.
- As a community we encourage a **desire to learn** giving **support and personalisation** where needed
- We are **safe** and where we are given the space to **flourish**
- Where all are **happy**, feel **loved** and part of the **family**, enjoy **fun, celebrate** and are **thankful**
- We work as a **team and community** to **contribute** and expand God's work.

BLS offers a broad curriculum, with pathways that suit a range of interests and abilities. In KS3 pupils have the opportunity to specialise in a language and refine their Design Technology choice. In KS4 we believe it is right that all pupils who have the ability should continue to study languages and this is accompanied by the requirement for all pupils to study RE. We believe RE is a Humanities Subject and as such a significant proportion of our students complete the EBACC with RE. All pupils also have the opportunity to study the DFE defined EBACC. Alongside this we offer options allowing pupils to follow both academic and vocational pathways. We are extending the range of vocational pathways to meet the needs of our changing cohort.

At Post 16 we are fortunate to be located next to an outstanding sixth form college that specialises in vocational pathways. BLS has a growing reputation as a centre of excellence for Level 3 A level courses and we offer 28 different subjects, including music and languages, which are not available anywhere else locally. Approximately 30% of our intake at post 16 are external students.

Beyond the taught curriculum, Bishop Luffa School offers thought provoking tutor worship sessions and assemblies to help pupils reflect on the wider aspects of life and their spiritual journey. Pupils are encouraged to take part in the diverse range of extra-curricular activities and trips. The curriculum is also underpinned by a widely valued and well-structured PSHE programme.

Our curriculum and pastoral arrangements are not an end in themselves. They are the means to develop our pupils into whole, happy and well-educated people. This is a joint enterprise between pupil, school, home, church and the wider community. Each plays a vital role in realising our vision:

"Always our best because everyone matters"

Bishop Luffa School

Trustees' Report

Public Benefit

The Directors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives and in planning future activities. In particular, Directors consider how planned activities will contribute to the academy's aims and objectives.

Strategic Report

Achievements and Performance

Key Performance Indicators

A level results 2019

Total number of year 13 students	128
Total number of A level entries	381
% of A level entries awarded A* grade (and total number)	10% (37)
% of A level entries awarded A*-B grade (and total number)	66% (253)
% of A level entries awarded A*-C grade (and total number)	87% (333)
% of A level entries awarded A*-E grade (and total number)	99.5% (379)
Average A2 points per entry	38.6 (B)
ALPS	Grade 2

GCSE Results 2019

Number in Year 11	220
Attainment	
Pupils attaining 'Strong' (9-5) English and Maths	62%
Pupils attaining 'Standard' (9-4) English and Maths	86%
Pupils attaining 5 'Strong' passes (9-5) including English and Maths	60%
Pupils attaining 5 'Standard' passes (9-4) including English and Maths	84%
Average Attainment 8 Score	55.4
Average Attainment 8 Score per entry and grade	5.5 (B)
Pupils entered for the EBacc	26%
Pupils achieving the EBacc ('Standard' pass)	22%
Pupils achieving the EBacc ('Strong' pass)	18%
Average EBacc points score for the cohort	4.78
Provisional Progress 8	+0.37

Bishop Luffa School

Trustees' Report

Key Performance Indicators (continued)

A level headlines

Subject	2015/16			2016/17			2017/18			2018/19		
	Entries	Score	Grade	Entries	Score	Grade	Entries	Score	Grade	Entries	Score	Grade
A - Applied Art - S	-	-	-	-	-	-	8	1.09	5	-	-	-
A - Art (Craft)	6	1.04	5	18	1.06	5	-	-	-	15	1.16	4
A - Biology	28	0.91	4	37	0.88	5	53	0.88	4	44	0.96	2
A - Business Studies	14	0.90	7	5	0.66	9	12	0.84	8	4	1.03	4
A - Chemistry	27	0.94	3	30	0.81	6	35	0.92	3	27	0.96	3
A - Computer Science	-	-	-	5	0.73	7	-	-	-	9	1.12	2
A - Computing	1	0.68	8	-	-	-	6	0.62	8	-	-	-
A - D&T (Product Design)	2	0.70	8	12	0.81	7	8	0.96	5	10	0.82	7
A - Drama & Theatre Studies	7	1.02	4	10	1.08	3	6	1.03	4	3	0.80	8
A - Economics	15	0.98	4	11	1.01	4	9	0.97	5	15	1.07	2
A - English Lang. & Lit.	21	1.04	3	17	0.85	8	1	0.98	5	-	-	-
A - English Language	-	-	-	-	-	-	14	0.94	5	19	1.00	4
A - English Literature	19	0.90	7	28	1.03	4	21	1.00	4	16	1.04	3
A - French	4	0.96	4	4	0.74	8	5	0.85	6	-	-	-
A - Geography	11	0.95	6	6	0.97	5	9	1.08	2	16	1.07	2
A - History	36	1.00	4	46	1.00	4	27	1.01	4	30	1.02	3
A - Latin	1	0.95	6	-	-	-	2	1.06	3	-	-	-
A - Law	32	1.03	3	38	1.04	3	27	0.96	5	18	1.01	4
A - Maths (Further Additional)	-	-	-	1	1.15	2	-	-	-	-	-	-
A - Maths (Further MEI)	10	1.09	3	11	1.01	5	11	1.00	5	11	1.04	4
A - Maths (MEI)	47	1.02	3	53	0.91	6	67	0.96	5	53	1.03	3
A - Media Studies	20	1.05	5	27	1.04	5	15	1.06	4	17	1.15	2
A - Physical Education	6	0.84	6	7	0.80	7	10	0.98	3	6	0.95	5
A - Physics	24	0.97	3	22	0.92	3	27	0.89	4	21	1.00	2
A - Psychology	19	0.91	5	19	0.93	5	20	0.96	5	19	0.95	5
A - Religious Studies	16	1.10	2	29	0.94	6	10	0.88	7	9	1.02	4
A - Spanish	2	1.11	2	4	1.03	3	11	0.79	7	11	0.87	6
**EPQ - Extended Project	-	-	-	-	-	-	59	0.97	6	60	1.00	5

These were our best A level results in four years in terms of ALPS, with an improvement in a number of subject areas. Ten subject areas had progress rates at least in the top 25% of all centre, with 76% of A Level entries on or above our ALPS targets.

The school will continue to monitor, track and challenge underperformance more rigorously; including targeted intervention groups e.g. high ability girls. Clear action plans for improvement for areas that are blue.

GCSE

These were another set of outstanding results. Our Progress 8 score of 0.35-0.37 was better than projected with more grade 8s and 9s. Science continued with very strong subject grades and Maths improved its individual Progress 8 score by 0.1 to 0.49.

There was also significant improvement in Computer Science and Business Studies.

Bishop Luffa School

Trustees' Report

Going Concern

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

Financial Review

The majority of Bishop Luffa School's income is obtained from the Education Funding Agency in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period 1 September 2018 to 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Other income is derived from school lettings, payments for school trips, donations and by staff at Bishop Luffa School undertaking outreach work supporting other schools, pupils and students.

The expenditure was used to support the key priorities of Bishop Luffa School, as detailed in the School Development Plan, in providing education for pupils and students aged 11 to 19 and enhancing their opportunities. In all financial transactions best value was considered when making decisions

The school's main financial key performance indicator is the ability to publish a balanced budget in the light of significantly increased and unfunded Teacher's pay and Teachers' Pension Scheme costs. The forecast in-year deficit for 2018-19 is c£111,000 due to these continuing underfunded costs. For this reason the size of the potential in-year deficit increased compared to 2017-18 and makes maintaining the school's very high standards extremely challenging. During 2018-19 the school has benefited from GAG and in-year Non GAG Pupil Premium funding and has operated an exceptionally lean staffing allocation. This has resulted in the school being able to publish an in-year surplus outturn for 2018-19.

During the year the school has continued to lobby local and central government concerning the funding crisis and the DfE completed its consultation on a new National Funding Formula. The detail of the new Formula is still taking shape, however, the Local Authority has recently announced that the move to a 'hard NFF' will be delayed until at least 2021-22 and until this time West Sussex County Council will determine the per-pupil funding rate for its schools. The original expectation is that all schools would be funded at a rate of £4,800 per pupil from 2020-21.

At the time of writing this report politicians are planning their election campaigns for a General Election on the 12 December and the future funding for Education is in the balance. The school continues to work closely with directors to plan its on-going financial security and whilst three year forecasts are discussed with the Resources committee, these are based on a funding model which is currently uncertain.

Bishop Luffa School

Trustees' Report

Financial Review (continued)

During 2018-19 the School will move to operating and potentially growing its Schools Direct operation, whilst winding-up current Teaching School Alliance projects. The school's budget for 2018-19 allows for the school's Teaching School status removal in terms of no longer receiving the Teaching School Core Grant.

The school successfully completed the refurbishment of its Humanities Block using Condition Improvement Funding from the ESFA. The funding enabled the school to create classrooms that can accommodate 30 pupils and supported the increase in its Published Admission Limit. The increase in the school's PAL from 2016 equated to an increase of c£400,000 in pupil funding over the five years to 2021. This increase in pupil funding will go some way to off-set the increase in unfunded costs as detailed above.

In addition the school holds £332,332 in general unrestricted reserves and £82,110 in general restricted funds at 31 August 2019 and will be used in line with the school's Reserves Policy.

Total funds held at 31 August 2019 are £14,261,871 made up of restricted fixed asset funds of £15,411,572, restricted funds of £106,967 (made up of Teaching School reserves of £24,857 and other educational activities totalling £82,110), an LGPS Pension Reserve of £1,589,000, and unrestricted funds of £332,332.

The £1,589,000 deficit in respect of the Local Government Pension Scheme (FRS 102 report 31 August 2019) has increased by £683,000 from 2018. Employers' pension contributions were increased from 18.3% for April 16 to March 17 to 19.7% for each of the fiscal years through to 31 March 2020. We have reflected the effect of increased pension costs in our future budgets. In addition the lump sum payment increased to £26,000 for 2017/18 and 18/19 and will increase further to £27,000 for 2019/20. Increased pension contributions will be met from the academy trust's budgeted annual income, and whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund, or direct impact on the free reserves of the academy trust as a result of recognising the deficit.

In terms of measuring the school's financial performance against other schools, the Business Manager undertakes benchmarking by using the Department for Education Benchmarking website and West Sussex Business Manager Network. The group meets termly and shares best practice across all areas of procurement and expenditure.

Bishop Luffa School

Trustees' Report

Reserves Policy

Our aim is to effectively utilise its allocated funding each year for the full benefit of current pupils and students. However, we also consider it necessary to carry forward some reserves to:

- Try to cover increases in unfunded staff related fixed costs, reduction in grant income due to funding changes and fluctuating Sixth Form student numbers;
- Provide sufficient working capital to cover delays between spending and receipt of grants;
- Cover expenditure required for unforeseen circumstances, such as urgent maintenance.

The unrestricted funds stand at £332,332 at 31 August 2019 with £106,967 restricted general funds available having excluded the pension reserve; therefore the net surplus is £439,299. Restricted Fixed Asset Funds of £15,411,572 can only be realised by disposing of tangible fixed assets.

Investment Policy

Our objective is to maximise investment on any long term accrued balances in order to protect those balances against inflation. All investments will be made ensuring there is no tangible risk to the loss of those funds. Principles:

- Regularly monitor cash flow and current account balances to ensure immediate financial commitments can be met
- Identify funds surplus to the immediate cash requirements and transfer these to an account bearing a higher interest rate
- Only invest in risk free and easily accessible accounts
- Periodically (at least annually) review interest rates and compare with other investment opportunities

Principal Risks and Uncertainties

The School maintains a Risk Management Policy and associated Risk Register which are reviewed annually and termly respectively.

Bishop Luffa School is at financial risk if it is unable to meet rising fixed staff associated costs and sustain Sixth Form student numbers. This is reflected in the Reserves policy and carefully monitored throughout the year and amendments made to the budget in order to compensate for anticipated changes.

There is a financial risk to the school if fixed costs cannot be met and funding cuts continue. The school made the strategic decision to increase its Pupil Admission Limit to 240 from September 2016 and this will result in an increase in pupil funding by £400,000 after 5 years (approx.£80,000 per year).

Bishop Luffa School

Trustees' Report

Fundraising

As part of its work within the community, the academy trust undertakes fundraising activities, for example through cake sales, non-uniform days etc. The academy trust raises funds in order to support its House charities, Sixth Form local and national charities and has organised whole school sponsored walks where funds raised have supported major school developments. The academy trust undertakes all such activities itself, with the help of its students and their families. We confirm that when fundraising

- No unsolicited approaches are made to members of the public.
- No commercial participators are used.
- No regularity schemes or standards are applicable.
- No complaints were made to the academy trust during the year.

Plans for Future Periods

School Development Plan Overarching Priorities 2016-2020

Always our best because everyone matters

- First and foremost a distinctively Christian and inclusive school
- Recognised as one of the top schools locally and nationally
- Considered the best school and Sixth Form locally for developing the whole person to be resourceful, resilient, reflective, confident, independent and caring
- Fully subscribed and considered the first choice for children with church connections and those in the local community
- Rated outstanding by Ofsted and SIAMS
- Financially secure and working effectively within the financial constraints
- Continually developing best practice in the curriculum, assessment and pastoral systems
- Fully staffed with top quality staff who enjoy working at the school
- Our buildings and environment supporting teaching and learning and providing a resource for the community
- Using technology as a tool to encourage deeper learning
- Outward-looking and collaborative in all we do

School Development Plan 2019-2020

'We are here to show every child what 'life in all its fullness' means.'

Key Priorities for 2019 - 2020

We will:

- Maximise aspirations and progress for all
- Encourage and develop leadership for all staff and students
- Develop Partnerships within, and beyond, the school
- Foster engagement in personal and spiritual development
- Nurture a sense of belonging to a safe school and the wider world

Bishop Luffa School

Trustees' Report

Funds Held as Custodian Trustee on Behalf of Others

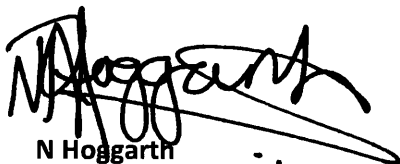
None.

Auditor

Insofar as the trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 26 November 2019 and signed on the board's behalf by:



N Hoggarth

Trustee

Bishop Luffa School

Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Bishop Luffa 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 Bishop Luffa 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 six times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
N Hoggarth, Chair – Foundation director	5	6
J Wilson, Vice-chair – Foundation director	6	6
I Creswick – Foundation director	6	6
G Ewins – Foundation director	5	6
S Holland – Ex-officio Foundation director	6	6
D Jarratt – Foundation director	4	6
M Lumley – Foundation director	5	6
B Dempster – Foundation director	4	6
A Taylor-Bennett – Foundation director	6	6
A Doye – Foundation director	6	6
A Hindman – Headteacher	6	6
L Eames – Staff director	6	6
R Topley – Staff director (*maternity leave)	0*	1
E Arnold – Staff director	5	5
C Bacon – Parent director	1	6
B Ghinelli – Parent director	4	6
N Shaw – Co-opted director	3	6

Bishop Luffa School

Governance Statement

Governance

The Resources committee is a sub-committee of the main board of trustees. Its purpose is to exercise stewardship of all funds entrusted to the school. This is carried out by:

- a) deciding how the delegated school budget share is to be spent, ensuring that it reflects as far as possible the priorities established in the School Development Plan
- b) ensuring that accurate records are kept
- c) ensuring that a sound financial management system is in place
- d) ensuring that regular monitoring is maintained
- e) maintaining a strategic overview of long term financial planning and asset management
- f) working with the Responsible Officer and the Auditor, ensuring they are accorded full co-operation and receiving and considering their reports
- g) reporting on its deliberations to the Board of Directors at least 6 times per year
- h) seeking to promote a climate of financial discipline and control to help ensure the highest standards of probity and efficiency
- i) investigating any activity that it deems relevant to its inquiries and seeking any information from staff that it requires.

The school buildings and grounds. This is carried out by:

- a) an Annual Review ensuring that the premises are maintained in a good and safe state of repair and decoration so as to comply with current Health and Safety Regulations, and School Security
- b) initiating projects to enhance or adapt the premises so as to provide the best possible conditions for the academic needs of the school, in line with the School Development Plan, and the needs of those using the premises
- c) ensuring that the school buildings and the contents are adequately insured
- d) maintaining an overview of Health and Safety and School Security issues, ensuring that any concerns are addressed, and reviewing the Health and Safety Policy at yearly intervals

General Data Protection Regulations. This is carried out by:

- a) maintaining a strategic overview of data protection in the school
- b) receiving updates from the Data Protection Officer concerning any significant developments in the GDPR regulations and details of any breaches.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
I Creswick, Chair – Foundation director	6	6
G Ewins – Foundation director	6	6
N Hoggarth – Foundation director	6	6
A Hindman - Headteacher	6	6
B Dempster – Foundation director	6	6
C Bacon – Parent director	2	6

Bishop Luffa School

Governance Statement

Review of Value for Money

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

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

- **Challenge** – why, how and by whom is an activity carried out. Is the service delivered effectively – could it be done differently?
- **Compare** – through the use of locally and national produced performance statistics, how our school's financial and pupil performance compares with that of others
- **Consult** – seeking the views of parents, pupils, staff and Directors on services provided, through surveys, questionnaires and feedback meetings
- **Compete** – how does the school ensure efficient, effective and quality services? Making good use of advice and support from existing providers and seeking new and imaginative alternatives.

These principles are applied by the Directors, Headteacher and Leadership Team when allocating resources to promote the aims and values of the school, when targeting resources to improve standards and the quality of the provision and to best support the educational needs of the pupils.

Bishop Luffa School is committed to:

1. Raising Student attainment and improving educational outcomes

Bishop Luffa School is high performing and consistently achieves significantly above national expectations. This applies across the curriculum, including English and Mathematics which is a key national indicator.

2. Pupil Premium

All pupils at Bishop Luffa School are set aspirational academic targets in each of their subjects. Every pupil's performance is tracked and analysed against these targets throughout the academic year.

Focused interventions are introduced to support pupils who are not on track to meet their targets. Whilst these interventions are targeted to support pupils eligible for Pupil Premium (some of whom may also have a special educational need and/or disability) it is recognised and celebrated that many interventions have significant benefits for non-Pupil Premium pupils also.

Bishop Luffa School

Governance Statement

Review of Value for Money (continued)

Subject teachers, through their Heads of Faculty, can request targeted support for pupils who are not on track, and funding for Pupil Premium pupils is agreed by the Support Co-ordinator. Heads of House take the overview of a pupil's progress across the curriculum and use Pupil Premium funding for more generic intervention. They meet in September with the Head of KS4 and the Deputy Head to review previous intervention strategies and plan new strategies for the coming year. These are then reviewed regularly and modified accordingly. Heads of House also speak to pupils and their parents about their needs and possible intervention strategies. Funding is used during the year to ensure that students are helped to achieve their full potential.

As a Church School, we are committed to the intellectual, social, creative, physical, moral and spiritual development of all our pupils. We aspire to be a confident outward-looking Christian community.

3. Income generation

The School explores all opportunities to generate income to further support the school. Over the last academic year the school has:

- hired out staff from RE, Maths, PE and the Leadership Team on a regular basis generating over £17,000.
- maintained lettings income again, to over £33,000

4. During 2018-19 the school has taken advantage of a WSCC Solar Panel project. PV panels to a value of c£250,000 were installed in April and will save the school c£7,000 per year in electricity costs over the next 25 years. The project was funded by the DfE, rolled-out by WSCC and managed by the school and LA appointed contractors.

The school is now using private suppliers outside of the local authority to provide a range of its estate management maintenance services – electrical, plumbing and heating works.

Whilst HR services are good via WSCC, the current payroll provider offers very little value for money and the school Business Manager has received quotes from alternative providers during 2018-19 with the view to taking its Payroll and HR services in-house. This strategic move will complement and is likely to be contemporaneous with a move to Multi Academy Trust status.

In addition, during 2018-19 the Business Manager has secured an excellent value contract for its new CCTV system.

Bishop Luffa School

Governance Statement

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Bishop Luffa School for the period 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 trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Mr B Dempster (Director) as the Responsible Officer, responsible direct to the board.

The Responsible Officer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. The Responsible Officer reports to the board of trustees through the Resources committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. The Responsible Officer has completed two checks during the period.

The board delegates to the Resources committee the authority to receive the Responsible Officer's report, and to take appropriate action, and to report to the board accordingly.

Bishop Luffa School

Governance Statement

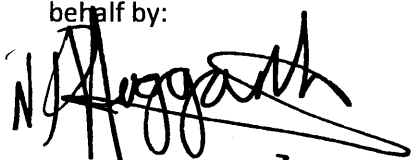
Review of Effectiveness

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

- the work of the internal reviewer
- the work of the external auditor
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised by the Resources committee of the implications of the result of their review of the system of internal control. No weaknesses were identified.

Approved by order of the members of the board of trustees on 26 November 2019 and signed on its behalf by:



N Hoggarth
Trustee



A Hindman
Accounting Officer

Bishop Luffa School

Statement of Regularity, Propriety and Compliance

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

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

Accounting Officer

26 November 2019

Bishop Luffa School

Statement of Trustees' Responsibilities

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 in 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

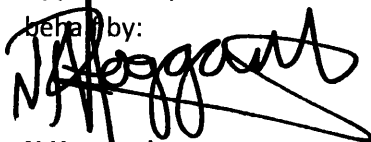
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 26 November 2019 and signed on its

behalf by:



N Hoggarth

Trustee

Bishop Luffa School

Independent Auditor's Report on the Financial Statements to the Members of Bishop Luffa School

Opinion

We have audited the financial statements of Bishop Luffa School ('the charitable company') for the year ended 31 August 2019 which comprise the Statement of Financial Activities (including the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, 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 charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2018 to 2019.

Basis for opinion

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

Conclusions relating to going concern

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 charitable company'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.

Bishop Luffa School

Independent Auditor's Report on the Financial Statements to the Members of Bishop Luffa School

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 auditor's report thereon. It includes the Reference and Administrative Details, the Report of the Directors and 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Bishop Luffa School

Independent Auditor's Report on the Financial Statements to the Members of Bishop Luffa School

Responsibilities of the trustees

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

Our responsibilities for the audit of the financial statements

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

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

Use of our report

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



R Hurst FCA (Senior statutory auditor)

For and on behalf of Hopper Williams & Bell Limited

Statutory Auditor

Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

Date 6 December 2019

Bishop Luffa School

Independent Reporting Accountant's Assurance Report on Regularity to Bishop Luffa School and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 1 September 2019 and further to the requirements of the Education and 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 Bishop Luffa School during the period 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 the Board of Directors and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Bishop Luffa School and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bishop Luffa School and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Bishop Luffa School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Bishop Luffa School's funding agreement with the Secretary of State for Education dated 1 December 2013 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 period 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.

Bishop Luffa School

Independent Reporting Accountant's Assurance Report on Regularity to Bishop Luffa School and the Education & Skills Funding Agency

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

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

Substantive testing included the following procedures:

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

Bishop Luffa School

Independent Reporting Accountant's Assurance Report on Regularity to Bishop Luffa School and the Education & Skills Funding Agency

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 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.



R Hurst FCA
Reporting Accountant
Hopper Williams & Bell Limited
Chartered Accountants
Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

Date 6 December 2019

Bishop Luffa School

Statement of Financial Activities for the year ended 31 August 2019 (including Income and Expenditure Account)

	Note	Un- restricted funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	2018/19 Total £	2017/18 Total £
Income and endowments from:							
Donations and capital grants	2	-	11,769	-	120,146	131,915	90,406
Charitable activities:							
Funding for the academy trust's educational operations	3	-	7,215,056	-	-	7,215,056	7,045,291
Teaching schools	24	-	9,126	-	-	9,126	47,539
Other trading activities	4	33,622	-	-	-	33,622	32,539
Investments	5	627	-	-	-	627	672
Total		34,249	7,235,951	-	120,146	7,390,346	7,216,447
Expenditure on:							
Charitable activities:							
Academy trust educational operations	7	205	7,217,774	225,000	437,178	7,880,157	7,621,159
Teaching school	24	-	56,943	-	-	56,943	69,176
Total		205	7,274,717	225,000	437,178	7,937,100	7,690,335
Net income / (expenditure)		34,044	(38,766)	(225,000)	(317,032)	(546,754)	(473,888)
Transfers between funds	14	-	(12,641)	-	12,641	-	-
Other recognised gains / (losses):							
Actuarial (losses) / gains on defined benefit pension schemes	21	-	-	(458,000)	-	(458,000)	562,000
Net movement in funds		34,044	(51,407)	(683,000)	(304,391)	(1,004,754)	88,112
Reconciliation of funds							
Total funds brought forward		298,288	158,374	(906,000)	15,715,963	15,266,625	15,178,513
Total funds carried forward		332,332	106,967	(1,589,000)	15,411,572	14,261,871	15,266,625

The notes on pages 34 to 56 form part of these financial statements.

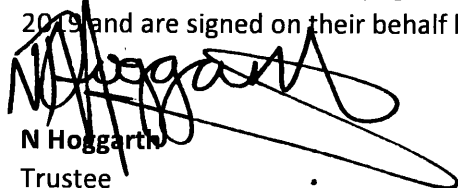
Bishop Luffa School

Balance Sheet as at 31 August 2019

Company Number 08749379

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	11		15,411,572		15,715,963
Current assets					
Debtors	12	257,247		247,108	
Cash at bank and in hand		621,728		665,366	
		<u>878,975</u>		<u>912,474</u>	
Liabilities					
Creditors: Amounts falling due within one year	13	<u>(439,676)</u>		<u>(455,812)</u>	
Net current assets			<u>439,299</u>		<u>456,662</u>
Total assets less current liabilities			<u>15,850,871</u>		<u>16,172,625</u>
Defined benefit pension scheme liability	21		(1,589,000)		(906,000)
Total net assets			<u>14,261,871</u>		<u>15,266,625</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	14	15,411,572		15,715,963	
Restricted income fund	14	106,967		158,374	
Pension reserve	14	<u>(1,589,000)</u>		<u>(906,000)</u>	
Total restricted funds			<u>13,929,539</u>		<u>14,968,337</u>
Unrestricted income funds	14		<u>332,332</u>		<u>298,288</u>
Total funds			<u>14,261,871</u>		<u>15,266,625</u>

The financial statements on pages 31 to 56 were approved by the trustees and authorised for issue on 26 November 2019 and are signed on their behalf by:


N Hoggarth
Trustee

The notes on pages 34 to 56 form part of these financial statements.

Bishop Luffa School

Statement of Cash Flows for the year ended 31 August 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	17	11,073	(109,826)
Cash flows from investing activities	18	(54,711)	(241,630)
Change in cash and cash equivalents in the reporting period		<u>(43,638)</u>	<u>(351,456)</u>
Cash and cash equivalents at 1 September 2018		665,366	1,016,822
Cash and cash equivalents at 31 August 2019	19	<u>621,728</u>	<u>665,366</u>

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Notes to the Financial Statements for the Year Ended 31 August 2019

1 Accounting policies

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

Basis of Preparation

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

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 company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

- **Grants**

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

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

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

- **Donations**

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

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Notes to the Financial Statements for the Year Ended 31 August 2019

Income (continued)

- **Other Income**

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

- **Donated goods, facilities and services**

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

Expenditure

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**

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

All resources expended are inclusive of irrecoverable VAT.

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Notes to the Financial Statements for the Year Ended 31 August 2019

Tangible Fixed Assets

Assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Leasehold Land and Buildings	2% straight line on buildings; not provided on land
Furniture and Equipment	15% straight line
Computer Equipment	33% straight line

Long leasehold land has not been depreciated as it is similar to freehold land, which does not require depreciation.

Where the academy trust can identify the value of major components of freehold or leasehold buildings based upon additions following conversion to academy status, the academy trust reviews whether one or more such components have significantly different patterns of consumption of economic benefits. In such cases, the academy trust allocates the cost of the asset to its major components and depreciates each component separately over its useful life.

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.

Liabilities

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

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Notes to the Financial Statements for the Year Ended 31 August 2019

Provisions

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

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

Leased Assets

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

Financial Instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

Cash at bank

Cash at bank is classified as a basic financial instrument and is measured at face value. An investment is treated as a cash equivalent when it has a short maturity of three months or less from the date of acquisition.

Financial liabilities

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

Taxation

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

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

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Notes to the Financial Statements for the Year Ended 31 August 2019

Pensions Benefits

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

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

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

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

Fund Accounting

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

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

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

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Notes to the Financial Statements for the Year Ended 31 August 2019

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

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

The assumptions used are disclosed in note 21.

Critical areas of judgement

There are no other critical areas of judgement.

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The academy trust did not use any of the allocation towards its own administration costs. The funds received and paid and any balances held are disclosed in the notes to the financial statements.

2 Donations and capital grants

	Unrestricted funds	Restricted funds	2018/19 Total	2017/18 Total
	£	£	£	£
Capital grants	-	120,146	120,146	41,452
Other donations	-	11,769	11,769	48,954
	-	131,915	131,915	90,406
<i>Total 2018</i>	-	<i>90,406</i>	<i>90,406</i>	

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Notes to the Financial Statements for the Year Ended 31 August 2019

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
DfE / ESFA grants				
General Annual Grant (GAG)	-	6,405,382	6,405,382	6,336,752
Pupil premium	-	143,649	143,649	130,943
Other DfE Group grants	-	77,990	77,990	-
Teaching School Grants	-	9,126	9,126	47,539
	-	6,636,147	6,636,147	6,515,234
Other Government grants				
Local authority grants	-	121,879	121,879	121,988
Other income from the academy trust's educational operations				
Other income	-	466,156	466,156	455,608
	-	7,224,182	7,224,182	7,092,830
<i>Total 2018</i>	-	7,092,830	7,092,830	

4 Other trading activities

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
Hire of facilities	33,622	-	33,622	32,539
<i>Total 2018</i>	32,539	-	32,539	

5 Investment income

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
Short term deposits	627	-	627	672
<i>Total 2018</i>	627	-	627	

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Notes to the Financial Statements for the Year Ended 31 August 2019

6 Expenditure

	Staff costs £	Non Pay Expenditure		Total 2018/19 £	Total 2017/18 £
		Premises £	Other £		
Academy's educational operations:					
Direct costs	4,889,899	-	910,851	5,800,750	5,588,708
Allocated support costs	1,028,745	420,186	630,476	2,079,407	2,032,451
Teaching School	39,939	-	17,004	56,943	69,176
	5,958,583	420,186	1,558,331	7,937,100	7,690,335
<i>Total 2018</i>	<i>5,775,204</i>	<i>366,168</i>	<i>1,548,963</i>	<i>7,690,335</i>	

Net income/(expenditure) for the period includes:

	2018/19 £	2017/18 £
Operating lease rentals	75,418	69,500
Depreciation	359,102	371,791
Fees payable to auditor for:		
Audit	7,190	7,050
Other services	4,089	2,797

7 Charitable activities

	2018/19 Total £	2017/18 Total £
Direct costs	5,857,693	5,657,884
Support costs	2,079,407	2,032,451
	7,937,100	7,690,335

Analysis of support costs:

	Educational operations £	2018/19 Total £	2017/18 Total £
Support staff costs	1,028,745	1,028,745	997,533
Depreciation	359,102	359,102	371,791
Technology costs	19,829	19,829	19,334
Premises costs	420,186	420,186	366,168
Other support costs	240,266	240,266	267,778
Governance costs	11,279	11,279	9,847
Total support costs	2,079,407	2,079,407	2,032,451
<i>Total 2018</i>	<i>2,032,451</i>	<i>2,032,451</i>	

Bishop Luffa School

Notes to the Financial Statements for the Year Ended 31 August 2019

8 Staff

a) Staff costs

Staff costs during the period were:

	2018/19	2017/18
	£	£
Wages and salaries	4,543,808	4,423,082
Social security costs	403,302	371,872
Pension costs	958,067	941,612
	5,905,177	5,736,566
Agency staff costs	53,406	38,638
	5,958,583	5,775,204

b) Staff numbers

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

	2018/19	2017/18
	No.	No.
Teachers	87	88
Administration and support	74	73
Management	9	9
	170	170

c) Higher paid staff

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

	2018/19	2017/18
	No.	No.
£60,000 - £70,000	2	1
£90,001 - £100,000	1	1

d) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £703,450 (2018: £695,517).

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Notes to the Financial Statements for the Year Ended 31 August 2019

9 Related Party Transactions – Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows:

		2018/19	2017/18
		£000	£000
E Arnold (Staff trustee from 12 November 2018)	Remuneration	35-40	-
	Employer's pension contributions paid	5-10	-
L Eames (Staff trustee to 13 October 2019)	Remuneration	15-20	15-20
	Employer's pension contributions paid	0-5	0-5
A Hindman (Staff trustee from 1 September 2018)	Remuneration	90-95	-
	Employer's pension contributions paid	15-20	-
N Taunt (Staff trustee to 31 August 2018)	Remuneration	-	95-100
	Employer's pension contributions paid	-	15-20
R Topley (Staff trustee to 9 November 2018)	Remuneration	0-5	20-25
	Employer's pension contributions paid	0-5	0-5

During the period ended 31 August 2019, no trustees received any reimbursement of expenses (2018: none).

10 Trustees and officers insurance

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. 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 £10m. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

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Notes to the Financial Statements for the Year Ended 31 August 2019

11 Tangible fixed assets

	Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Total £
Cost				
At 1 September 2018	16,501,351	196,413	375,245	17,073,009
Acquisitions	10,296	22,788	21,627	54,711
At 31 August 2019	<u>16,511,647</u>	<u>219,201</u>	<u>396,872</u>	<u>17,127,720</u>
Depreciation				
At 1 September 2018	1,034,129	72,286	250,631	1,357,046
Charged in year	250,573	32,168	76,361	359,102
At 31 August 2019	<u>1,284,702</u>	<u>104,454</u>	<u>326,992</u>	<u>1,716,148</u>
Net book values				
At 31 August 2018	15,467,222	124,127	124,614	15,715,963
At 31 August 2019	<u>15,226,945</u>	<u>114,747</u>	<u>69,880</u>	<u>15,411,572</u>

12 Debtors

	2018/19 £	2017/18 £
Trade debtors	5,443	4,918
VAT recoverable	22,262	26,568
Other debtors	41,143	35,937
Prepayments and accrued income	188,399	179,685
	<u>257,247</u>	<u>247,108</u>

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Notes to the Financial Statements for the Year Ended 31 August 2019

13 Creditors: amounts falling due within one year

	2018/19	2017/18
	£	£
Trade creditors	60,482	45,457
Other taxation and social security	103,114	82,365
Other creditors falling due within one year	112,671	136,647
Accruals and deferred income	163,409	191,343
	439,676	455,812

	2018/19	2017/18
	£	£
Deferred income at 1 September 2018	163,184	160,608
Released from previous years	(163,184)	(160,608)
Resources deferred in the year	131,678	163,184
Deferred income at 31 August 2019	131,678	163,184

At the balance sheet date the academy trust was holding funds received in advance for trips and other similar income which relate to the forthcoming financial year.

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Notes to the Financial Statements for the Year Ended 31 August 2019

14 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2019 £
Restricted general funds						
General Annual Grant (GAG)	-	6,405,382	(6,405,382)	-	-	-
Pupil Premium	-	143,649	(143,649)	-	-	-
Other DfE/ESFA grants	-	77,990	(77,990)	-	-	-
Teaching School	72,674	9,126	(56,943)	-	-	24,857
Other government grants	-	43,909	(43,909)	-	-	-
Growth fund	-	77,970	(77,970)	-	-	-
Other educational activities	85,700	477,925	(468,874)	(12,641)	-	82,110
	158,374	7,235,951	(7,274,717)	(12,641)	-	106,967
Pension reserve	(906,000)	-	(225,000)	-	(458,000)	(1,589,000)
	(747,626)	7,235,951	(7,499,717)	(12,641)	(458,000)	(1,482,033)
Restricted fixed asset funds						
Fixed asset fund	15,715,963	-	(359,102)	54,711	-	15,411,572
DfE Group capital grants (DFC)	-	107,718	(78,076)	(29,642)	-	-
PFA income	-	12,428	-	(12,428)	-	-
	15,715,963	120,146	(437,178)	12,641	-	15,411,572
Total restricted funds	14,968,337	7,356,097	(7,936,895)	-	(458,000)	13,929,539
Total unrestricted funds	298,288	34,249	(205)	-	-	332,332
Total funds	15,266,625	7,390,346	(7,937,100)	-	(458,000)	14,261,871

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Notes to the Financial Statements for the Year Ended 31 August 2019

14 Funds (continued)

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

General annual grant

This includes all funding received from the ESFA to carry out the objectives of the academy. It includes the school budget share; minimum funding guarantee; education services grant; insurance; rates; and pre- and post-16 high needs funding streams.

Other DfE/ESFA grants

This is funding received from the ESFA for specific purposes, for example pupil premium funding.

Teaching School

Teaching schools are outstanding schools that work with others to provide high quality training and development to new and experienced school staff. This is funding received from the DfE/ESFA for this purpose.

Local authority grants

This is funding received from the local authority for specific purposes, for example Special Educational Needs funding.

Other educational activities

This includes all other educational income/expenditure.

Pension reserve

This represents the negative reserve in respect of the liability on the LGPS pension scheme which was transferred to the academy trust on conversion.

Fixed asset fund

The fund includes the value of the tangible fixed assets of the academy on conversion, and amounts transferred from GAG or other restricted funds specifically for expenditure on tangible fixed assets, and the annual charges for depreciation of these assets.

DfE/ESFA capital grants

This is funding received from the DfE/ESFA specifically for expenditure on tangible fixed assets.

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Notes to the Financial Statements for the Year Ended 31 August 2019

14 Funds (continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2018 £
Restricted general funds						
General Annual Grant (GAG)	-	6,336,752	(6,336,752)	-	-	-
Pupil Premium	-	130,943	(130,943)	-	-	-
Teaching School	94,311	47,539	(69,176)	-	-	72,674
Other government grants	-	45,158	(45,158)	-	-	-
Growth fund	-	76,830	(76,830)	-	-	-
Other educational activities	105,301	504,562	(434,685)	(89,478)	-	85,700
	199,612	7,141,784	(7,093,544)	(89,478)	-	158,374
Pension reserve	(1,243,000)	-	(225,000)	-	562,000	(906,000)
	(1,043,388)	7,141,784	(7,318,544)	(89,478)	562,000	(747,626)
Restricted fixed asset funds						
Fixed asset fund	15,846,124	-	(371,791)	241,630	-	15,715,963
DfE Group capital grants (DFC)	-	30,252	-	(30,252)	-	-
DfE Group capital grants (CIF)	110,700	1,200	-	(111,900)	-	-
PFA income	-	10,000	-	(10,000)	-	-
	15,956,824	41,452	(371,791)	89,478	-	15,715,963
Total restricted funds	14,913,436	7,183,236	(7,690,335)	-	562,000	14,968,337
Total unrestricted funds	265,077	33,211	-	-	-	298,288
Total funds	15,178,513	7,216,447	(7,690,335)	-	562,000	15,266,625

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Notes to the Financial Statements for the Year Ended 31 August 2019

15 Analysis of net assets between funds

	Un-restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	15,411,572	15,411,572
Current assets	332,332	546,643	-	-	878,975
Current liabilities	-	(439,676)	-	-	(439,676)
Pension scheme liability	-	-	(1,589,000)	-	(1,589,000)
Total net assets	332,332	106,967	(1,589,000)	15,411,572	14,261,871

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

	Un-restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	15,715,963	15,715,963
Current assets	298,288	614,186	-	-	912,474
Current liabilities	-	(455,812)	-	-	(455,812)
Pension scheme liability	-	-	(906,000)	-	(906,000)
Total net assets	298,288	158,374	(906,000)	15,715,963	15,266,625

16 Commitments under operating leases

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018/19	2017/18
	£	£
Amounts due within one year	36,573	74,895
Amounts due between one and five years	72,437	91,435
	109,010	166,330

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Notes to the Financial Statements for the Year Ended 31 August 2019

17 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2018/19	2017/18
	£	£
Net expenditure for the reporting period	(546,754)	(473,888)
Adjusted for:		
Depreciation	359,102	371,791
Defined benefit pension scheme cost less contributions payable	198,000	192,000
Defined benefit pension scheme finance cost	27,000	33,000
Increase in debtors	(10,139)	(54,854)
Decrease in creditors	(16,136)	(177,875)
Net cash provided by / (used in) Operating Activities	<u>11,073</u>	<u>(109,826)</u>

18 Cash flows from investing activities

	2018/19	2017/18
	£	£
Purchase of tangible fixed assets	(54,711)	(241,630)
Net cash used in investing activities	<u>(54,711)</u>	<u>(241,630)</u>

19 Analysis of cash and cash equivalents

	2018/19	2017/18
	£	£
Cash in hand and at bank	<u>621,728</u>	<u>665,366</u>

20 Members liability

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

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Notes to the Financial Statements for the Year Ended 31 August 2019

21 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Sussex 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 £94,745 were payable to the schemes at 31 August 2019 (2018: £96,011) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension budgeting and valuation account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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 timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found on the Teachers' Pension Scheme website at:
<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

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Notes to the Financial Statements for the Year Ended 31 August 2019

21 Pension and similar obligations (continued)

Scheme changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, has rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the period amounted to £546,016 (2018: £543,226).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was as follows:

	2019	2018
	£	£
Employer's contributions	215,000	205,000
Employees' contributions	57,000	55,000
	<u>272,000</u>	<u>260,000</u>

The agreed contribution rates for future years are 16.2% for employers and 5.5% to 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 an academy trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

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Notes to the Financial Statements for the Year Ended 31 August 2019

21 Pension and similar obligations (continued)

Principal actuarial assumptions

	2019	2018
Rate of increase in salaries	3.0%	3.0%
Rate of increase for pensions in payment/inflation	2.3%	2.3%
Discount rate for scheme liabilities	1.9%	2.8%

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

	2019	2018
<i>Retiring today</i>		
Males	21.8	23.6
Females	23.6	25.0
<i>Retiring in 20 years</i>		
Males	23.0	26.0
Females	25.5	27.8

Sensitivity analysis

	Increase/(reduction) in defined benefit obligation	
	2019	2018
	£	£
Salary increase rate +0.5%	210,000	133,000
Discount rate -0.5%	778,000	550,000
Pension increase rate +0.5%	605,000	408,000

The academy trust's share of the assets in the scheme were:

	2019	2018
	£	£
Equities	1,909,000	1,786,000
Property	305,000	265,000
Government bonds	1,413,000	1,157,000
Cash	191,000	99,000
Total market value of assets	3,818,000	3,307,000

The actual return on scheme assets was £288,000 (2018: £201,000).

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Notes to the Financial Statements for the Year Ended 31 August 2019

21 Pension and similar obligations (continued)

Amount recognised in the Statement of Financial Activities

	2018/19	2017/18
	£	£
Current service cost	365,000	397,000
Past service cost	48,000	-
Interest income	(96,000)	(75,000)
Interest cost	123,000	108,000
Total amount recognised in the SOFA	<u>440,000</u>	<u>430,000</u>

The past service cost represents an actuarial estimate of the additional underpin liability arising as a result of the McCloud/Sargeant judgement in December 2018 and the Supreme Court's decision not to allow the Government an appeal on 27 June 2019.

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

	2018/19	2017/18
	£	£
At 1 September	4,213,000	4,134,000
Current service cost	365,000	397,000
Interest cost	123,000	108,000
Employee contributions	57,000	55,000
Actuarial loss / (gain)	650,000	(436,000)
Benefits paid	(49,000)	(45,000)
Past service cost	48,000	-
At 31 August	<u>5,407,000</u>	<u>4,213,000</u>

Changes in the fair value of academy trust's share of scheme assets:

	2018/19	2017/18
	£	£
At 1 September	3,307,000	2,891,000
Interest income	96,000	75,000
Actuarial gain	192,000	126,000
Employer contributions	215,000	205,000
Employee contributions	57,000	55,000
Benefits paid	(49,000)	(45,000)
At 31 August	<u>3,818,000</u>	<u>3,307,000</u>

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Notes to the Financial Statements for the Year Ended 31 August 2019

22 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:

After Dark Productions - a business controlled by a close family member of E Arnold (trustee from 12 November 2018 to 31 August 2019)

- The academy trust purchased disco and lighting services from After Dark Productions totalling £460 (2018: £nil) during the period. There were no amounts outstanding at 31 August 2019 (2018: £nil).
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which E Arnold neither participated in, nor influenced.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2018.

23 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2019 the academy trust received £9,502 and disbursed £8,800 from the fund. An amount of £2,166 is included in other creditors relating to undistributed funds that are repayable to ESFA. Comparatives for the accounting period ending 31 August 2018 are £14,864 received, £13,832 disbursed and £1,464 included in other creditors.

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Notes to the Financial Statements for the Year Ended 31 August 2019

24 Teaching school trading account

	2018/19 £	2018/19 £	2017/18 £	2017/18 £
Income				
Direct Income	<u>9,126</u>		<u>47,539</u>	
Total Income		9,126		47,539
Expenditure				
Direct staff costs	39,939		49,884	
Other direct costs	<u>17,004</u>		<u>19,292</u>	
Total direct costs		<u>56,943</u>		<u>69,176</u>
Total Expenditure		<u>56,943</u>		<u>69,176</u>
Surplus/(Deficit) from all sources		(47,817)		(21,637)
Teaching school balances at 1 September 2018		<u>72,674</u>		<u>94,311</u>
Teaching school balances at 31 August 2019		<u>24,857</u>		<u>72,674</u>