COMPANY REGISTRATION NUMBER: 9341344

(England and Wales)

STANWIX SCHOOL

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year Ended 31st August 2021

FINANCIAL STATEMENTS
YEAR ENDED 31st AUGUST 2021

CONTENTS **PAGE**

Reference and Administrative Details	2
Trustees' Report	4
Governance Statement	10
Statement on Regularity, Propriety and Compliance	14
Statement of Trustees' Responsibilities	15
Independent Auditor's Report on the Financial Statements	16
Independent Reporting Accountant's Report on Regularity	20
Statement of Financial Activities Incorporating the Income and Expenditure Account	22
Balance Sheet	23
Statement of Cash Flows	24
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	25
Other Notes to the Financial Statements	28

REFERENCE AND ADMINISTRATIVE DETAILS

Members	S Chappell (Chair of Governors) E Mallinson S Hayward (from 1-9-20) C Briggs (from 1-9-20)
Trustees	K McMullan (Head Teacher and Accounting Officer) ** S Chappell (Chair of Governors, until 15-9-21) E Mallinson ** M Johnson ** S Hayward (Chair of Governors, from 15-9-21)** C Briggs ** I Bibby (Staff Governor) K Hand (Staff Governor, appointed 20-10-20) L Carson M Scott **Members of Finance Committee
Company Secretary	S Chappell
Senior Management Team	
Head Teacher	Mrs K McMullan
Deputy Head Teacher	Mr C Steele
Company Name	Stanwix School
Principal and registered office	Church Street Stanwix Carlisle Cumbria CA3 9DW
Company registration number	9341344 (England and Wales)
Independent Auditors	Dodd & Co Limited FIFTEEN Rosehill Montgomery Way Rosehill Estate CARLISLE CA1 2RW
Bankers	Cumberland Building Society Cumberland House Cooper Way Parkhouse Carlisle CA3 0JF

Solicitors	Cartmell Shepherd Viaduct House Carlisle Cumbria CA3 8EZ

TRUSTEES' REPORT

The trustees' present their annual report together with the financial statements and auditors' report of the charitable company for the period to 31 August 2021. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates an academy for pupils aged 4 to 11 serving a catchment area around Stanwix, North Carlisle. It has a capacity of 420 and had a roll of 414 on the school census in January 2021.

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 act as the governors for the charitable activities of Stanwix School Academy Trust and are also directors of the Charitable Company for the purpose of company law. The Charitable Company is known as Stanwix School.

Details of the trustees' who served though out the year are included in the Reference and Administrative Details on page 2.

Members' Liability

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

Trustees' Indemnities

The trustees of the Academy are covered by indemnity insurance with Zurich paid for by the trust. The insurance provides unlimited cover.

Method of Recruitment and Appointment or Election of Trustees'

The Trustees' term of office is four years but they are eligible for re-election at the meeting at which they retire. Both the chair and vice–chair have been elected for a one year term.

During the period under review the Trustees' held eight full meetings.

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

The parents of the pupils within the academy shall elect the Parent Trustee.

Policies and Procedures Adopted for the Induction and Training of Trustees

All new non-staff Trustees' have an induction meeting usually with the clerk and Head Teacher, the training and induction process will depend on their existing experiences. Trustees' have access to all policies, improvement plans; minutes and other relevant documentation that they need to undertake their role as trustee.

Organisational Structures

The management structure consists of two levels: The Trustees and the Senior Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointment. The Leadership Team is comprised of the Head Teacher and Deputy Head Teacher. The Leadership Team control the Academy at a day to day level, implementing the policies laid down by the Trustees and reporting back to them.

Arrangements for setting pay and remuneration of key management personnel

The trust has adopted the Local Authority recommended pay policy and appraisal policy. This follows the guidance set out in the Teachers' Pay and Conditions document. Salary progression is linked to staff meeting all appraisal objectives.

Trade union facility time

The trust does not have any employee who is a trade union official.

Related Parties and other Connected Charities and Organisations

The trust does not have any related parties or connections with other charities and organisations.

Risk Management

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to specific teaching, provision of facilities and other operational areas of the Academy and its finances. The Trustees are satisfied that systems and procedures are in place to mitigate the exposure to major risks.

The Trustees have overall responsibility for ensuring that the Academy has an effective and appropriate system of control, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and enable them to ensure the financial statements comply with the Companies Act. The Trustees also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- The Academy is operating efficiently and effectively,
- Its assets are safeguarded against unauthorised use or dispositions;
- Proper records are maintained and financial information used within the Academy or for publication is reliable;
- The Academy complies with relevant laws and regulations.

Objectives and Activities

Objects and Aims

The principal objective and activity of the charitable company is the operation of Stanwix School, to provide education for pupils aged 4 to 11.

In accordance with the Funding Agreement made under section 1 of the Academies Act 2010, between the Secretary of State for Education and the Academy Trust, the Academy is governed by a board of trustees which exercises the powers and functions with a view to fulfilling a largely strategic role in the running of the school. The curriculum, in substance, complies with statutory requirements.

Objectives, Strategies and Activities

The main objectives of the Academy during the year ended 31 August 2021 are summarised below:

- To ensure that every child is well and safe during these difficult and challenging times.
- To ensure catch up education continues and provided to all children.
- To improve the effectiveness of the Academy by continued school self-evaluation
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

The Academy's main strategy is to raise standards of achievement and progress through an unrelenting focus on continuous improvement in all aspects of the organisation. The core purpose of the Academy is teaching and learning: its people and resources are constantly measured by their contribution to the overall quality of teaching and learning and therefore the standards achieved by its students.

Key activities which support the main strategic purpose of the organisation are:

- Robust quality assurance processes which are transparent and inform all subsequent actions.
- Secure use of data and tracking to measure progress and inform actions and interventions.
- A constant review of CPD and training opportunities for staff.

Equal opportunities policy

The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunities in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

Ramps are installed, and the door widths are adequate to enable wheelchair access to the main areas of the school. The policy of the school is to support recruitment and retention of pupils and employees with disabilities. The Academy does this by adapting the physical environment, by making resources available and through training and career development.

Public Benefit

All the activities undertaken by the Trust are for the education of its pupils and the good of the wider local community. The Academy has a defined catchment area, pupils are admitted in accordance with the admissions policy agreed with the Department for Education (DfE). Children are admitted from a range of backgrounds.

In setting our objectives and planning our activities the trustees have complied with the Charity Commission's general guidance on public benefit. The school has a rich curriculum which aims to deliver good academic progress with a range of activities and experiences, offering pupils a chance to demonstrate their abilities and potential.

Achievements and Performance

The Academy is in its fifth year of operation and continues to achieve the forecasted number of students. There are currently 412 pupils on roll.

There were no standardised national assessments for 2020 – 2021 due to Covid-19 lockdown.

The main achievements for the period included:

- Class teachers continued to implement a full range of home-learning activities for pupils who were isolating.
- The Academy made robust plans to open in Sept'20 for all pupils with minimum transition.
- Attendance is high with very few absences.
- Catch up interventions are in place and are very successful across school.

To ensure that standards are continually raised the Academy, the Board of Trustees and the Leadership Team:

- Operate a robust quality assurance calendar which monitors the quality of teaching and learning.
- Undertaking a rigorous review of attainment using school data and levels of progress of students, paying regard to their achievement on entry and levels of progress secured.

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. The Governing Body do not consider that the Covid-19 pandemic has had or will have a significant impact on the ability of the academy trust to continue as a going concern.

Financial Review

Financial Review for the year

Most of the Academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2021 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2019), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2021, the excess of expenditure over income on the restricted funds for the period was £174,587 (excluding the pension fund actuarial movement and transfers from un-restricted funds of £47,311).

During the year ended 31 August 2021, the excess of income over expenditure on the un-restricted fund for the period was £21,179, prior to transfers to restricted funds of £47,311.

At 31 August 2021 the net book value of fixed assets was £2,124,128 as shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Academy's non–teaching staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy balance sheet shows a net liability of £1,204,000.

The Governors are aware of the financial challenges faced by schools in relation to the ongoing review of funding both locally and nationally. The Governors receive regular financial updates and formally meet as a finance committee to discuss these. The reporting allows Governors to monitor financial position against budget and highlight any areas of concern.

COVID - 19 impact

The Governors are mindful of the challenges faced by the school as a result of COVID 19 although there has been no significant financial impact for Stanwix School.

During 2020-21 the school has received £1,300 additional COVID 19 related funding to offset costs incurred by the school.

Financial and Risk Management Objectives and Policies

As an Academy funded directly by the Department for Education, funding streams are considered to be reasonably safe and secure. The risk mainly arises from changes in Government policy, funding levels and fluctuations in pupil numbers, especially if the roll falls.

Principal Risks and Uncertainties

Stanwix School currently has 412 pupils on roll, the key risk to the school is fluctuations in pupil numbers, this risk is deemed low as the school has been near capacity for a number of years, and this is likely to continue due to the demand for places in the area.

The Academy's non-teaching staff are entitled to membership of the Local Government Pension Scheme, and under Accounting Standard FRS 102, it is necessary to charge projected deficits on the Local Government Pension Scheme, that is provided to support staff, to the restricted fund. The Academy's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme and consequently the Academy balance sheet shows a net liability of £1,204,000. This is an increase over the deficit of £1,140,000 as 31st August 2020 primarily as a result of interest costs and changes in actuarial assumptions. The employer contributions were reassessed in 2019 and has identified a £88,800 deficit recovery over the next 3 years.

Reserves Policy

The Academy's 'free reserves' are its funds after excluding restricted funds. "Free reserves" are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'free reserves' represent funds that are not yet spent, committed or designated.

The Academy's current level of 'free reserves' is £263,197.

Demands on the Academy's restricted general reserves will vary over the coming years. The Academy's long term policy is that the appropriate level of restricted general reserves should be at least £78,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The Academy's current level of restricted general reserves is £0.

Investment Policy

The Trustees have resolved to hold only one bank account, if fund levels increase the opening of a deposit account will be reviewed.

Fundraising

All fundraising for the school is carried out by the 'Friends of Stanwix School' and the school access this by submitting requests to the committee for financial support towards specific projects.

Plans for Future Periods

The Academy will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure all students are secure in their next steps on leaving the Academy.

The Academy's key objectives for the forthcoming year are:

- To raise attainment and achievement of all pupils across the full curriculum, putting into place interventions where necessary.
- To continue to develop the curriculum and scholar pack assessment.
- To sustain an outstanding climate for learning where all feel safe and can grow.
- To be an integral part of the community and sustain excellent relationships which supports all pupils.

Auditor

Insofar as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- 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 13 December 2021 and signed on their behalf by:



Mrs S Hayward

Trustee

GOVERNANCE STATEMENT

Scope of Responsibility

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

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

The board of trustees has delegated the day-to-day responsibility to Mrs K McMullan, 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 Stanwix 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 eight times during the year to 31 August 2021. Attendance during this period at meetings of the board of trustees was as follows:

Governor	Meetings Attended	Out of a possible
K McMullan	8	8
S Chappell	7	8
E Mallinson	8	8
M Johnson	8	8
S Hayward	8	8
C Briggs	8	8
L Carson	7	8
M Scott	7	8
K Hand	6	6
I Bibby	7	7

Governance Review

A full governing body skills audit was completed to identify the current skills of governors and any gaps which could be addressed as vacancies arise, this has helped assign governors to key roles and responsibilities linked to the school improvement plan. The trustees do not consider that the Covid-19 pandemic has had a detrimental impact on the academy's governance arrangements.

The role of main board of trustees is:

- To agree constitutional matters*, including procedures where the governing body has discretion
- To recruit new members as vacancies, arise and to appoint new governors* where appropriate
- To hold at least three governing body meetings a year*
- To appoint or remove the chairman and vice chairman*
- To appoint or remove a clerk to the governing body*
- To establish the committees of the governing body and their terms of reference*
- To appoint the chair of any committee (if not delegated to the committee itself)
- To appoint or remove a clerk to each committee*

- To suspend a governor*
- To decide which functions of the governing body will be delegated to committees, groups and individuals*
- To receive reports from any individual or committee to whom a decision has been delegated and to consider whether any further action by the governing body is necessary*
- To approve the first formal budget plan of the financial year
- To keep the health and safety policy and its practice under review and to make revisions where appropriate
- To review the delegation arrangements annually*

*These matters cannot be delegated to either a committee or an individual

The **Finance Committee** is a sub-committee of the main board of trustees. Its purpose is to:

- Oversee the implementation of the school's policy for financial delegation;
- Agree objectives for the Head teachers Performance Review with the Head teacher and external advisor;
- Monitor the Head teachers progress towards these objectives;
- Determine the Head teachers' remuneration;
- Determine the pay of all teaching and non-teaching staff annually and inform them of their decision;
- Prepare and recommend the budget plan to the governing body' including the delegation of budget responsibilities;
- Regularly monitor income and expenditure against each budget heading;
- Ensure all financial returns are produced and reviewed;
- Award contracts by tender up to a specific limit (as set out in the financial delegation policy).

Attendance at meetings in the year was as follows:

Trustee	Meetings Attended	Out of a possible
K McMullan	7	7
E Mallinson	7	7
M Johnson	7	7
C Briggs	7	7
S Chappell	6	7
M Scott	6	7

Review of Value for Money

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

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

- Working with other cluster heads in reviewing contracts for services.
- Looking at all services e.g. cleaning ang getting the best value for money contract.

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than 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 Stanwix School for the year to 31st August 2021 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 risk that has been in place during the year to 31st August 2021 and up to the date of the 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 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 with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- Regular reviews by the Finance 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 guidelines as set out in the Financial Delegation Policy;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The board of trustees has decided not to appoint an auditor for this purpose. However, the trustees have appointed C Briggs, a trustee to carry out a programme of internal checks. The reviewer's role includes giving advice on financial matters and other matters and performing a range of checks on the Academy Trust's financial and other systems.

The COVID-19 pandemic has prevented a detailed internal scrutiny review being carried out in school this year. The intention was to carry out a review on a specific area as in previous years. However, rising COVID cases in school led to the decision to postpone the work. The work will resume once it is felt safe to invite non-essential visitors into school for extended periods of time which would be needed for the review and sample testing.

Along with the role of the internal scrutineer the trustees have also bought in external financial support through 'Accountancy Service 4 Schools' to work with the school administrator to ensure the accounting system is accurate, that the system balances to external records on a monthly basis and reflects the true position of the school finances. This role does also provide some independent internal scrutiny checks on the accounting system, particularly in respect of the following:

- Reconciliation of material income streams received
- Reconciliation of staff costs to payroll records
- Reconciliation of fixed assets to registers
- Control and bank account reconciliations

This is considered to give satisfactory assurance that the academy's system of internal control was operating effectively during the year.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period.

Any key findings and recommendations are reported back to the Finance Committee to consider any actions required.

Review of Effectiveness

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

- The work of the trustee
- The financial management and governance self-assessment process or the school resource management self-assessment tool
- The work of 'Accountancy Services 4 Schools'
- The External Auditor.

The accounting officer has been advised of the implications of the results of their review of the system of internal control to ensure continuous improvements of the system is in place.

Approved by order of the members of the board of trustees on 13 December 2021 and signed on their behalf by:



Mrs S Hayward

Trustee



Mrs K McMullan

Accounting Officer

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Stanwix School I have considered my responsibility to notify the Academy Trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the Academy Trust board of trustees are able to identify any material irregularity or improper use of 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 2020.

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

KMcMullan

Mrs K McMullan

Accounting Officer

13 December 2021.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who act as governors of Stanwix School and 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 Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial 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 2019 and the Academies Accounts Direction 2020 to 2021
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the 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 13 December 2021 and signed on their behalf by:



Mrs S Hayward

Trustee and Chair of Governors

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

Opinion

We have audited the financial statements of Stanwix School (the 'Academy') for the year ended 31 August 2021, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

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

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

Conclusions relating to going concern

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

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

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

Other information (covers the Reference and Administrative Details, the Trustees' Report and Strategic Report and the Governance Statement)

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 19], the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Academy's remuneration policies and key drivers for the senior management team's remuneration.
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and involving relevant internal specialists, including tax and pensions regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud to be in relation to management override which, in common with all audits under ISAs (UK), we are required to perform specific procedures to respond to this risk.

We also obtained an understanding of the legal and regulatory framework that the Academy operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Charities SORP, ESFA Accounts Direction, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Academy's ability to operate or to avoid a material penalty. The key laws and regulations we considered in this context related to the Health and Safety Act, Employment Law and the Education Act.

As a result of performing the above, in response to the risks identified, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

- reading minutes of meetings of those charged with governance, reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Martin S Ward (Senior Statutory Auditor)
For and on behalf of Dodd & Co Limited, Statutory Auditor

FIFTEEN Rosehill
Montgomery Way
Rosehill Estate
Carlisle
CA1 2RW

Date: 13 December 2021

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

In accordance with the terms of our engagement letter dated 14 October 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Stanwix School during the period 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated and the Academies Financial Handbook extant from 1 September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

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

The work undertaken to draw our conclusion includes:

- enquiries of the accounting officer and reviewing the statement on regularity, propriety and compliance provided by the accounting officer
- investigating whether any special payments to staff have been made, including compromise agreements and severance pay
- reviewing transactions with related parties and ensuring the requirements of Part 3 'Delegated authorities' of the Handbook have been followed
- reviewing minutes of meetings to ensure sound governance is applied
- evaluation of the internal control procedures in place, including systems of delegation and authorisation
- evaluating systems of procurement and ensuring they adhere to the limits set by the Academy and the ESFA.

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 year from 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Martin S Ward
For and on behalf of Dodd & Co Limited, Chartered Accountants

FIFTEEN Rosehill
Montgomery Way
Rosehill Estate
Carlisle
CA1 2RW

Date: 13 December 2021

STANWIX SCHOOL

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

	Note	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2021 £'000	*Total 2020 £'000*
Income and endowments from:						
Donations and Capital Grants	*3*	4	-	9	**13**	*124*
Funding for the academy trusts educational operations	*4*	15	1,841	-	**1,856**	*1,819*
Other trading activities	*5*	51		-	**51**	*67*
Total		**70**	**1,841**	**9**	**1,920**	*2,010*
Expenditure on:						
Charitable Activities						
Academy trust educational operations	*6,7*	(49)	(1,958)	(66)	**(2,073)**	*(2,065)*
Other		-	-	-	-	-
Total		**(49)**	**(1,958)**	**(66)**	**(2,073)**	*(2,065)*
Net Income / (Expenditure)		**21**	**(117)**	**(57)**	**(153)**	*(55)*
Transfer between funds		(47)	47	-	**-**	-
Other recognised gains / (losses)						
Actuarial gain / (loss) on defined benefit pension scheme	*21*	-	6	-	**6**	*(66)*
Net movement in funds		(26)	(64)	(57)	(147)	*(121)*
Reconciliation of funds						
Total funds brought forward		289	(1,140)	2,203	**1,352**	*1,473*
Total funds carried forward		**263**	**(1,204)**	**2,146**	**1,205**	*1,352*

STANWIX SCHOOL

BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed Assets					
Tangible Assets	11		**2,124**		2,172
Current Assets					
Debtors	12	**47**		62	
Cash at bank and in hand		**382**		360	
		429		422	
Liabilities					
Creditors: Amounts falling due within one year	13	**144**		102	
Net current assets			**285**		320
Total assets less current liabilities			**2,409**		2,492
Defined benefit pension scheme liability	21		**(1,204)**		(1,140)
Net assets including pension liability			**1,205**		1,352
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	14	**2,146**		2,203	
Restricted income fund	14	**0**		0	
Pension reserve	14	**(1,204)**		(1,140)	
Total restricted funds			**942**		1,063
Unrestricted income funds			**263**		289
Total Funds			**1,205**		1,352

The financial statements on pages 22 to 42 were approved by the trustees and authorised for issue on 13 December 2021 and are signed on their behalf by

Mrs S Hayward
Trustee

Company Registration Number: 934134

STANWIX SCHOOL

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £'000	*2020 £'000*
Cash flows from operating activities			
Net cash provided by (used in) operating activities	*17*	**31**	*(56)*
Cash flows from investing activities		**(9)**	*2*
Cash flows from financing activities		**0**	*0*
Change in cash and cash equivalents in the reporting period		**22**	*(54)*
Net Funds at 1 September 2020		**360**	*414*
Net Funds at 31 August 2021	*18*	**382**	***360***

1. Statement of 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 United Kingdom 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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by the ESFA and the Charities Act 2011 and the Companies Act 2006.

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

The financial statements are prepared in sterling, which is the functional currency of the entity.

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

- **Donations**

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

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

- **Transfer of Property**
  Upon conversion to an academy trust the trust entered into a 125 year lease with Cumbria County Council for the land and buildings of the school.

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 to 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 to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on Raising Funds**
  This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.
- **Charitable Activities**
  These are costs incurred on the Academy 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

Tangible Fixed Assets
Assets costing £250 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 to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

There were a number of assets transferred from Cumbria County Council on 1 January 2015 that are still in use by the Academy. These assets are principally school furniture, computers and office equipment. It is not considered to be practicable to place a value on these assets therefore they have not been included on the balance sheet of the Academy.

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated so as to write off the cost of an asset, less its estimated residual values, over the useful economic life of that asset as follows:

Leasehold Land & Buildings	Straight line over 125 years
Fixtures, fittings and equipment	Reducing balance 20% per annum
ICT equipment	Straight line over 5 years

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed assets 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.

Provisions
Provisions are recognised when the academy trust has an obligation at the reporting date as a result of 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 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 – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 13. 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.

Stocks
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. No stocks are shown within the financial statements.

Taxation
The Academy Trust is considered to pass the test 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.

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 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. The 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 net income/(expenditure) 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 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 Education and Skills Funding Agency and Department for Education.

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, which are disclosed in note 21, 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 31st March 2019 has been used by the actuary in valuing the pensions liability at 31st August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to no limits at 31st August 2021 on the amount of GAG that could be carried forward from one year to the next.

3. Donations and Capital Grants

	Unrestricted Funds £'000	Restricted Fixed Asset Funds £'000	Total 2021 £'000	*Total 2020 £'000*
Capital Grants	-	9	9	*111*
Other Donations	4	-	4	*13*
	4	9	13	*124*
2020 Total	*13*	*111*		*124*

4. Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000	*Restated Total 2020 £'000*
DFE / ESFA revenue grants				
General Annual Grant (GAG)	-	1579	1579	*1530*
Other DFE / ESFA Grants				
UIFSM	-	63	63	*62*
Pupil Premium	-	41	41	*45*
Sports Premium	-	20	20	*20*
Teachers' Pay Grant	-	20	20	*20*
Teachers' Pension Grant	-	56	56	*56*
Rates Reclaim	-	6	6	*10*
Other DFE Group Grants	-	2	2	*2*
	-	1787	1787	*1745*
Other Government Grants				
Local Authority Grants	-	15	15	*11*
	-	15	15	*11*
Exceptional Government Funding				
Coronavirus exceptional support	-	1	1	*10*
Coronavirus Catch-up Premium	-	33	33	
	-	34	34	*10*
Other income from the academy trust's educational operations	15	5	20	*53*
	15	1841	1856	1819
2020 Total	*42*	*1777*		*1819*

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding" and has been fully spent during the year.

- The funding due for coronavirus exceptional support covers £1k (2020: £10k) of FSM and Hubs related cleaning costs. These costs are included in notes 6 and 7.

Following the reclassification in the Academies Accounts Direction 2020-2021 of some grants received from the Department for Education and ESFA, the academy trust's funding for Universal Infant Free School Meals, Pupil Premium, PE and Sports Grant, Teachers' Pay and Pension Grants and the Rates Reclaim are no longer reported under Other DFE Group grants heading, but as separate lines under the Other DFE / ESFA Grants heading. The prior year has been reclassified. Other income lines have also been reclassified to better reflect the activities of the academy.

5. Other Trading Activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000	*Total 2020 £'000*
Out of School Provision	**30**	**-**	**30**	*42*
Catering Income	**21**	**-**	**21**	*25*
	51	**-**	**51**	*67*
2020 Total	67	-		*67*

6. Expenditure

	Staff Costs	Non Pay Expenditure		Total	*Total*
		Premises	Other Costs	2021	*2020*
	£'000	£'000	£'000	£'000	*£'000*
Academy's educational operations					
Direct costs	**1,401**	**-**	**193**	**1,594**	*1,519*
Allocated support costs	**224**	**101**	**154**	**479**	*546*
	1,625	**101**	**347**	**2,073**	*2,065*
2020 Total	1,570	82	413		*2,065*

Net income / (expenditure) for the period includes:	2021 £'000	*2020 £'000*
Operating Lease Rentals	**3**	*3*
Depreciation	**66**	*77*
Fees payable to auditor for:		
Audit	**4**	*4*

7. Charitable Activities

	Total 2021 £'000	*Total 2020 £'000*
Direct Costs - educational operations	**1,594**	*1,519*
Support costs - educational operations	**479**	*546*
	2,073	*2,065*

Analysis of support costs	**Educational operations £000**	**Total 2021 £000**	*Total 2020 £000*
Support staff costs	**224**	**224**	*260*
Premises costs	**101**	**101**	*82*
Other support costs	**149**	**149**	*190*
Legal costs	**1**	**1**	*10*
Governance costs	**4**	**4**	*4*
	479	**479**	*546*
2020 Total	*546*		*546*

The expenditure within educational operations was £2,072,000 (2020: £2,065,000) of which £49,000 was unrestricted (2020: £88,000), £1,958,000 was restricted (2020: £1,900,000) and £66,000 was restricted fixed assets (2020: £77,000).

Included within governance costs are any costs associated with the strategic as opposed to day-to-day management of the charity's activities. These costs will include any employee benefits for trusteeship, the cost of charity employees involved in meetings with trustees, the cost of any administrative support provided to the trustees, and costs relating to constitutional and statutory requirements including audit and preparation of statutory accounts.

8. Staff

a) Staff Costs

Staff costs during the period were:	2021 £'000	*2020 £'000*
Wages and salaries	**1,216**	*1,161*
Social security costs	**88**	*81*
Operating costs of defined benefit pension schemes	**316**	*323*
	1,620	*1,565*
Supply teacher costs	**5**	*5*
	1,625	*1,570*

b) **Staff Numbers**

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

	2021 No.	*2020 No.*
Teachers	**22**	*23*
Administration and support	**38**	*36*
Management	**2**	*2*
	62	*61*

c) Higher Paid Staff

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

	2021	2020
£70,001 - £80,000	**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 2. 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 £234,015 (2020: £266,588).

9. Trustees Remuneration and Expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The head teacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of head teacher and staff members under their contract of employment. The value of trustees remuneration and expenses was as follows:

K McMullan (Head Teacher and trustee):	
Remuneration	£75,001 - £80,000 (2020: £75,001 - £80,000)
Employer's pension contributions	£ 0 - £ 5,000 (2020: £ 0 - £ 5,000)
K Hand (Staff Governor)	
Remuneration	£15,001 - £20,000
Employer's pension contributions	£ 0 - £ 5,000
I Bibby (Staff Governor)	
Remuneration	£35,001 - £40,000 (2020: £35,001 - £40,000)
Employer's pension contributions	£ 5,001 - £10,000 (2020: £ 5,001 - £10,000)

10. Trustees and Officers Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides unlimited cover on any claim and the cost including all insurance for the period ended 31 August 2021 was £7,562 (2020: £7,562).

The cost of this insurance is included in the total insurance cost.

11. Tangible Fixed Assets

	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Furniture and Equipment £'000	Computer Equipment £'000	Total £'000
Cost					
At 1 September 2020	-	2,043	349	64	2,456
Additions	-	-	-	18	18
Disposals	-	-	-	-	-
At 31 August 2021	-	2,043	349	82	2,474
Depreciation					
At 1 September 2020	-	93	141	50	284
Charged in year	-	16	42	8	66
Disposals	-	-	-	-	-
At 31 August 2021	-	109	183	58	350
Net book values					
At 31 August 2021	-	1,934	166	24	2,124
At 1 September 2020	-	1,950	208	14	2,172

12. Debtors

	2021 £'000	*2020 £'000*
Other debtors	2	*25*
VAT Recoverable	9	*5*
Prepayments	36	*32*
	47	*62*

13. Creditors: Amounts falling due within one year

	2021 £'000	*2020 £'000*
Trade creditors	23	*5*
Other taxation & social security	24	*24*
Other Creditors	41	*36*
Deferred Income	56	*37*
	144	*102*

Deferred Income

	2021 £'000	*2020 £'000*
Deferred income at 1 September 2020	37	37
Resources deferred in the year	56	*37*
Amounts released from previous years	(37)	*(37)*
Deferred income at 31 August 2021	56	*37*

At the balance sheet date the Academy Trust was holding £55,667 (2020: £36,958), £40,143 from the ESFA with £36,828 (2020: £36,958) for Universal Infant Free School Meals Grant and £3,315 Rates Reclaim for the period 1st September 2021 to 31st March 2022 and £15,524 from Cumbria County Council for SEN funding for the period September 2021 to March 2022.

14. Funds

	Balance at 1 September 2020 £'000	Income £'000	Expenditure £'000	Gains, Loses and Transfers £'000	Balance at 31 August 2021 £'000
Restricted general funds					
General Annual Grant (GAG)	-	1,579	(1,626)	47	-
Pupil Premium	-	41	(41)	-	-
Covid Catch-up Premium		33	(33)	-	-
Covid Exceptional Support	-	1	(1)	-	-
Pension Reserve	(1,140)	-	(70)	6	(1,204)
Other Government Grants	-	182	(182)	-	-
Other Education Income	-	5	(5)	-	-
	(1,140)	1,841	(1,958)	53	(1,204)
Restricted fixed assets funds					
Transfer on conversion	1,977	-	(16)	-	1,961
DFE / EFA capital grants	223	9	(50)	-	182
Capital expenditure from GAG	3	-	-	-	3
	2,203	9	(66)	-	2,146
Total restricted funds	**1,063**	**1,850**	**(2,024)**	**53**	**942**
Unrestricted funds					
Unrestricted funds	289	70	(49)	(47)	263
Total Unrestricted funds	**289**	**70**	**(49)**	**(47)**	**263**
Total Funds	**1,352**	**1,920**	**(2,073)**	**6**	**1,205**

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

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

a) Other revenue grants must be used for specific expenses relating to the running of the Academy including pupil specific funding.

b) The costs and income associated with the defined benefit pension scheme have been recorded in the restricted general fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with those costs.

c) Capital grants must be used to fund expenditure of a capital nature.

Transfers between funds

The transfer of £47,311 (2020: £23,485) between unrestricted and restricted general fund relates to unrestricted sundry income moved to GAG.

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

	Balance at 1 September 2019	Income	Expenditure	Gains, Loses and Transfers	Balance at 31 August 2020
	£'000	£'000	£'000	£'000	£'000
Restricted general funds					
General Annual Grant (GAG)	-	1,530	(1,554)	24	-
Pupil Premium	-	45	(45)	-	-
Pension reserve	(975)	-	(99)	(66)	(1,140)
Other Government Grants	-	191	(191)	-	-
Other Education Income	-	11	(11)	-	-
	(975)	1,777	(1,900)	(42)	(1,140)
Restricted fixed assets funds					
Transfer on conversion	1,993	-	(16)	-	1,977
DFE / EFA capital grants	173	111	(61)	-	223
Capital expenditure from GAG	3	-	-	-	3
	2,169	111	(77)	-	2,203
Total restricted funds	**1,194**	**1,888**	**(1,977)**	**(42)**	**1,063**
Unrestricted funds					
Unrestricted funds	279	122	(88)	(24)	289
Total Unrestricted funds	**279**	**122**	**(88)**	**(24)**	**289**
Total Funds	**1,473**	**2,010**	**(2,065)**	**(66)**	**1,352**

15. Analysis of net assets between funds

Fund balances at 31 August 2021 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Tangible fixed assets	-	-	2,124	2,124
Current assets	263	144	22	429
Current liabilities	-	(144)	-	(144)
Pension scheme liability	-	(1,204)	-	(1,204)
Total net assets	**263**	**(1,204)**	**2,146**	**1,205**

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

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Tangible fixed assets	-		2,172	2,172
Current assets	289	102	31	422
Current liabilities	-	(102)	-	(102)
Pension scheme liability	-	(1,140)	-	(1,140)
Total net assets	**289**	**(1,140)**	**2,203**	**1,352**

16. Financial Commitments

Operating Leases

At 31st August 2021 the Academy Trust has annual commitments under non-cancellable operating leases as follows:

	2021 £000	*2020 £000*
Other		
Amounts due within one year	**3**	*3*
Amounts due between one and five years	**7**	*10*
	10	*13*

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

	2021 £'000	*2020 £'000*
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(153)	(55)
Adjusted for:		
Depreciation	66	77
Capital grants from DFE and other capital income	(9)	(111)
Defined benefit pension scheme costs less contributions payable (note 20)	48	79
Defined benefit pension scheme finance costs (note 20)	22	20
Increase / (decrease) in debtors	15	(4)
(Increase) / decrease in creditors	42	(62)
	31	(56)

Cash flows from investing activities

	2021 £'000	*2020 £'000*
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(18)	*(109*
Capital grants from DFE / EFA	9	*11*
Net cash outflow from capital expenditure and financial investment	(9)	*2*

18. Analysis of cash and cash equivalents

	At 31 August 2021 £'000	*At 31 August 2020 £'000*
Cash in hand and at bank	382	*360*
	382	*360*

19. Analysis of changes in net debt

	As at 1 September 2020 £'000	Cash Flows £'000	As at 31 August 2021 £'000
Cash	360	22	***382***
Cash equivalents	-	-	-
	360	22	**382**
Loans falling due within one year	-	-	-
Loans falling due after more than one year	-	-	-
Finance lease obligations	-	-	-
TOTAL	360	22	382

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.

21. Pension and similar obligations

The Academy's employees belong to two principal 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 'Your Pension Service' – Cumbria County Council. Both are multi-employer defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2016 and the LGPS 31 March 2019.

Contributions amounting to £26,287 were payable to the schemes at 31 August 2021 (2020: £21,335) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Card Cap) Directions

2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31st March 2016. The valuation report was published by the Department for Education on 5th March 2019. The key elements of the valuation and subsequent consultations are:

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

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

The employer's pension costs paid to TPS in the period amounted to £162,643 (2020: £156,602).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions Website.

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £92,067 (2020: £84,461), of which employer's contributions totalled £72,087 (2020: £64,526) and employee's contributions totalled £19,980 (2020: £19,935). The agreed contribution rate for future years is 20.4% for employers. With deficit recovery contributions of £20,600, £28,900, £29,600 and £30,300 due for the years 2019/20, 2020/21, 2021/22 and 2022/23 respectively. Employees rates are calculated using Local Government Pension Scheme employee contribution procedures, which have now been banded.

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

Principal Actuarial Assumptions

	At 31 August 2021	*At 31 August 2020*
Rate of increase in salaries	**4.2%**	*3.9%*
Rate of increase for pensions in payment / inflation	**2.8%**	*2.5%*
Discount rate of scheme liabilities	**1.7%**	*1.8%*
Inflation assumption (CPI)	**2.7%**	*2.4%*

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

	At 31 August 2021	*At 31 August 2020*
Retiring today		
Males	**22.7**	*22.6*
Females	**25.3**	*25.2*
Retiring in 20 years		
Males	**24.3**	*24.2*
Females	**27.2**	*27.1*

Sensitivity Analysis

	Central		+0.1% p.a discount rate		+0.1% p.a inflation		+0.1% p.a pay growth		1 year increase in life expectancy	
	2021	*2020*	**2021**	*2020*	**2021**	*2020*	**2021**	*2020*	**2021**	*2020*
	£'000	*£'000*	**£'000**	*£'000*	**£'000**	*£'000*	**£'000**	*£'000*	**£'000**	*£'000*
Liabilities	**2,493**	*2,216*	**2,442**	*2,171*	**2,545**	*2,262*	**2,498**	*2,221*	**2,572**	*2,280*
Assets	**(1,289)**	*(1,076)*	**(1,289)**	*(1,076)*	**(1,289)**	*(1,076)*	**(1,289)**	*(1,076)*	**(1,289)**	*(1,076)*
Deficit / (Surplus)	**1,204**	*1,140*	**1,153**	*1,095*	**1,256**	*1,186*	**1,209**	*1,145*	**1,283**	*1,204*
Projected Service Cost for next Year	**165**	*163*	**161**	*1,589*	**169**	*167*	**165**	*163*	**171**	*168*
Projected Net Interest Cost for next year	**20**	*20*	**20**	*20*	**20**	*20*	**20**	*20*	**21**	*21*

	Aggregate value 2021 £000	Aggregate value 2020 £000
Discount rate +0.1%	1,153	1,095
Discount rate -0.1%	1,256	1,186
Mortality rate 1 year increase	1,283	1,204
Mortality rate 1 year decrease	1,127	1,078
CPI rate +0.1%	1,256	1.186
CPI rate -0.1%	1,153	1,095

The academy's share of the assets and liabilities in the scheme and the expected rates were:

	Fair value at 31 August 2021 £'000	*Fair value at 31 August 2020 £'000*
Equities	505	373
Government Bonds	222	209
Bonds	0	2
Property	98	59
Cash / liquidity	49	104
Other	415	329
Total market value of assets	1289	*1076*

The actual return on scheme assets was a profit of £183,000 (2020: £3,000 loss)

Amount recognised in Statement of Financial Activities

	2021 £000	*2020 £000*
Current service cost (net employee contributions)	149	160
Past Service Cost	0	8
Net Interest cost	19	17
Administration Expenses	3	3
Total operating charge	**171**	**188**

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

	2021 £000	*2020 £000*
As at 1st September 2020	2,216	1,840
Current service cost	149	160
Interest cost	39	33
Employee contributions	20	20
Actuarial (gain) / loss	157	170
Benefits paid	(88)	(15)
Past service cost	-	8
As at 31st August 2021	**2,493**	**2,216**

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

	2021 £000	*2020 £000*
As at 1st September 2020	1,076	865
Investment Income	20	16
Actuarial gain / (loss)	163	104
Administration expenses	(3)	(3)
Business combinations		
Employer contributions	101	89
Employee contributions	20	20
Benefits paid	(88)	(15)
As at 31st August 2021	**1,289**	**1,076**

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.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.