

**Davenant Foundation
School**

**Annual Report and Financial
Statements**

31 August 2020

Company Limited by Guarantee
Registration Number
7540256 (England and Wales)

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Reference and administrative information

Members	M Vine Morris G Anthony M Hicks S Temple A Olapade (from 15 October 2019)
Trustees/Governors	M Vine-Morris (Chair of Governors) (1) J Anderson G Anthony (Vice Chair of Governors) (1) C Davies J Doherty (until 23 August 2020) O Fatoye (from 23 January 2020) C Folkes (2) M Hicks (Chair of Finance Committee) (1) (2) A Olapade (1) D Prosser (2) H Smith (2) S Temple (1) A Thorne D Williams
Key to committees	(1) Member of Standing Committee (2) Member of Finance Committee
Head Teacher	A Thorne
Company Secretary	J Beaumont
Senior Leadership Team	A Thorne – Head Teacher D Lake – Deputy Head Teacher E Browne – Assistant Head Teacher K Fisher – Assistant Head Teacher D Parker – Assistant Head Teacher
Clerk to the Governing Body	J McCallig
Registered address	Davenant Foundation School Chester Road Loughton Essex IG10 2LD
Company registration number	7540256 (England and Wales)

Reference and administrative information

Auditor Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers Lloyds plc
11 The Broadway
Loughton
Essex
IG10 3SW

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

Governors' report Year to 31 August 2020

The governors of Davenant Foundation School ('the School') present their statutory report together with the financial statements of the charitable company for the year ended 31 August 2020.

The report has been prepared in accordance with Part VIII of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 27 to 30 of the attached financial statements and comply with the School's memorandum and articles of association, applicable laws and 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).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The School 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 School.

Members of the charitable company comprise:

- ◆ the signatories to the Memorandum, the Chairman of Governors, the Vice Chairman of Governors and the Chairman of the Finance Committee; and
- ◆ appointments made under Article 16 of the Academy's Articles of Association: Mrs S Temple and Mrs A Olapade (from 15 October 2019).

Governance arrangements

The governors act as trustees for charitable activities of Davenant Foundation School and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Davenant Foundation School.

Method of recruitment and appointment or election of governors

The School's Governing Body comprises 3 staff governors, 3 parents of pupils at the School, the Headteacher (ex-officio), 11 Foundation governors and 2 governors appointed by the Governing Body through an application and interview process.

Governors' indemnities

The School is a member of the ESFA's Risk Protection Arrangements which provides £10 million cover for governors' liability. The cost of this is met from a £18 per pupil charge for all cover provided; it is not possible to separately identify the cost of governor cover.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governance arrangements (continued)

Policies and procedures adopted for the induction and training of governors

Governor recruitment is geared to fill skill gaps on the Governing Body. Therefore the training and induction provided for new governors will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal and financial matters. All new governors will be given a tour of the School and the chance to meet with staff and students. The Chair of the Governing Body, the Clerk to the Governing Body and the Head Teacher meet with them to provide an introduction to the school and the work of the Governing Body. Governors are given the Governors' Handbook and registered with Essex Governor Services so that they can receive updates and opportunities for training. Online access to resources and training offered by the National Governors Association is also provided. As there are normally only one or two new governors a year, induction tends to be done informally and is tailored specifically to the individual. When considered necessary due to developments in the sector, update sessions are held for the whole board of governors.

Organisational structure

The School's organisational structure consists of four levels: the members, the governors, the sub-committees and the Senior Leadership Team.

The members comprise the Chair and Vice Chair of Governors, and the Chairs of each Committee. Together they make up the Standing Committee, which meets to strategically plan the work of the Governing Body and co-ordinate the work of the other Committees. The governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the School by the use of budgets and making major decisions about the direction of the School, capital expenditure and senior staff appointments. The governors meet regularly during the year.

Specific responsibilities have been delegated to the committees by the governors. The Responsible Officer (RO) role has been replaced by a programme of internal scrutiny. In line with the Academies Financial Handbook the Finance/Audit Committee determines a programme of internal scrutiny to provide independent assurance to the board that its financial and others controls, and risk management procedures, are operating effectively. In the light of the pandemic and subsequent lockdown and remote working, governors asked for an assessment on how the school had managed its key financial procedures and controls and the scrutiny reports concluded that despite the challenges, operations continued uninterrupted and financial integrity was maintained. To meet the requirement to separate internal scrutiny and external audit, the contract for 2020-21 has been awarded to Juniper Education.

The Senior Leadership Team includes the Headteacher, the Deputy Headteachers and Assistant Headteachers. The Senior Leadership Team implements the policies as laid out by the Governors and, as authorised, takes day-to-day decisions on all matters that relate to the smooth running of the School's operations including set-up of operational systems, staff appointments, budget monitoring and stakeholder engagement.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Arrangements for setting pay and remuneration of key management personnel

Arrangements for setting pay and remuneration of key management personnel are governed by the School's Pay Policy. The policy complies with the School Teachers' Pay & Conditions Document ('STPCD') and the accompanying statutory guidance and with national and local pay agreements for support staff. The Governing Body has established a Salaries Committee and a Salaries Appeals Committee which have fully delegated powers to make decisions on pay, and (except in relation to the Headteacher's pay) will be advised by the Headteacher as appropriate.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the period	Full-time equivalent employee number
0	0

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	£0
Total pay bill	£4.4 million
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0%
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Governors' report Year to 31 August 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Members' liability

Each member of the School 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.

Governors

The following governors were in office at 31 August 2020 and served throughout the period except where shown.

Governor	From/until	Category	Appointing body
J Anderson		Parent	Parent Body
G Anthony		Foundation	Whitechapel Education Foundation
C Davies		Foundation	Ex-officio (Rector of Loughton)
J Doherty	Until 23 August 2020	Staff	Staff
O Fatoye	From 23 January 2020	Staff	Staff
C Folkes		Foundation	Whitechapel Education Foundation
M Hicks		Foundation	Whitechapel Education Foundation
A Olapade		Community	Governing Body
D Prosser		Foundation	Whitechapel Education Foundation
H Smith		Foundation	Whitechapel Education Foundation
S Temple		Foundation	Whitechapel Education Foundation
A Thorne		Headteacher	Ex-officio (Headteacher)
M Vine-Morris		Foundation	Whitechapel Education Foundation
D Williams		Parent	Parent Body

There are currently seven vacancies on the Governing Body: one community, three foundation, one parent and two staff governors. Recruitment is actively underway for foundation and staff governors. The Board has chosen to keep one of the community and parent vacancies unfilled for the time being.

The Board met regularly during the year and is well supported by an effective Committee structure: The Standing Committee (chairs of Committees) oversees the work of the Governing Body; the other Committees are Finance, Curriculum, Estates, Personnel and Admissions. As a Single Academy Trust the Board finds this an effective model to use. More information is provided in the Governance Statement later in this report.

There are two charities whose trustees are also governors of the School, the Reynolds Fund and the Whitechapel Educational Foundation.

The Reynolds Fund and Whitechapel Educational Foundation are charities established to assist in the provision of facilities and activities at the School not normally provided for by Government funding. The School does not have the right to appoint trustees to either charity, or to alter their governing documents.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governors (continued)

Decisions on how the funds of each are spent are taken independently by the trustees at separate meetings. The School, on occasion, makes information available to the charities to assist their operation. The charities consider this information but remain independent in their decision making concerning the application of their funds and thus there is no exercise of dominant influence by the School. As a result the governors have concluded that there is no requirement for the preparation of consolidated accounts.

Risk management

The governors have assessed the major risks to which the School is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the School, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures and internal financial controls in order to manage the risks to which the School is exposed. The exceptional circumstances of the pandemic clearly demonstrated the effectiveness of the Board's approach to risk management in that it swiftly changed how it operated and its business was geared to overseeing the school's response to its ever changing responsibilities.

Connected organisations, including related party relationships

The Whitechapel Educational Foundation (Charity Registration Number 312698) is a connected charity. The Foundation is also the freehold landlord of the School's land and buildings. The School is party to a supplementary agreement between the ESFA and the Foundation for the use of the land and buildings. This agreement would terminate should the School's funding agreement cease to be in place or upon reasonable notice from the Foundation.

Davenant Foundation School The Reynolds (School Private) Fund (Charity Registration Number 292223) is a connected charity. The Fund donates funds to the School to support its educational provision to pupils.

OBJECTIVES AND ACTIVITIES

Objects, aims and objectives

In setting the School's objectives and planning its activities, the Governing Body has given careful consideration to the Charity Commission's general guidance on public benefit.

The objects of the School are to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum for students between the ages of 11 to 18.

The School has adopted the policies approved by the Secretary of State for Education. These policies specify, among other things, the basis for admitting students to the School and that the curriculum should comply with the substance of the national curriculum, albeit with the School able to exercise freedoms which allow it to offer alternatives to the National Curriculum if this is deemed appropriate.

Governors' report Year to 31 August 2020

OBJECTIVES AND ACTIVITIES (continued)

The main objectives of the School are summarised below and are referred to as our six commitments:

- ◆ to foster the full development of each member of our community;
- ◆ to seek excellence in teaching and learning;
- ◆ to encourage individual learning, personal responsibility and a commitment to the care and well-being of others within the school;
- ◆ to build partnerships and teams that bring together students, staff, parents and members of the local community;
- ◆ to develop links with the wider community, to value diversity and to foster a generosity of spirit towards others; and
- ◆ to maintain and enhance a safe and healthy environment that promotes pride and achievement.

The School's main strategy is encompassed in its mission statement which is:

'Reflect the love of God in all aspects of the community by nurturing mind, body and spirit'.

The plans recorded in last year's report could not anticipate the unprecedented events of 2020. Many of the targets related to student progress and attainment and cannot be evaluated as anticipated. Notwithstanding this, the school is proud to report its GCSE and A levels results based on rigorously moderated Centre Assessed Grades.

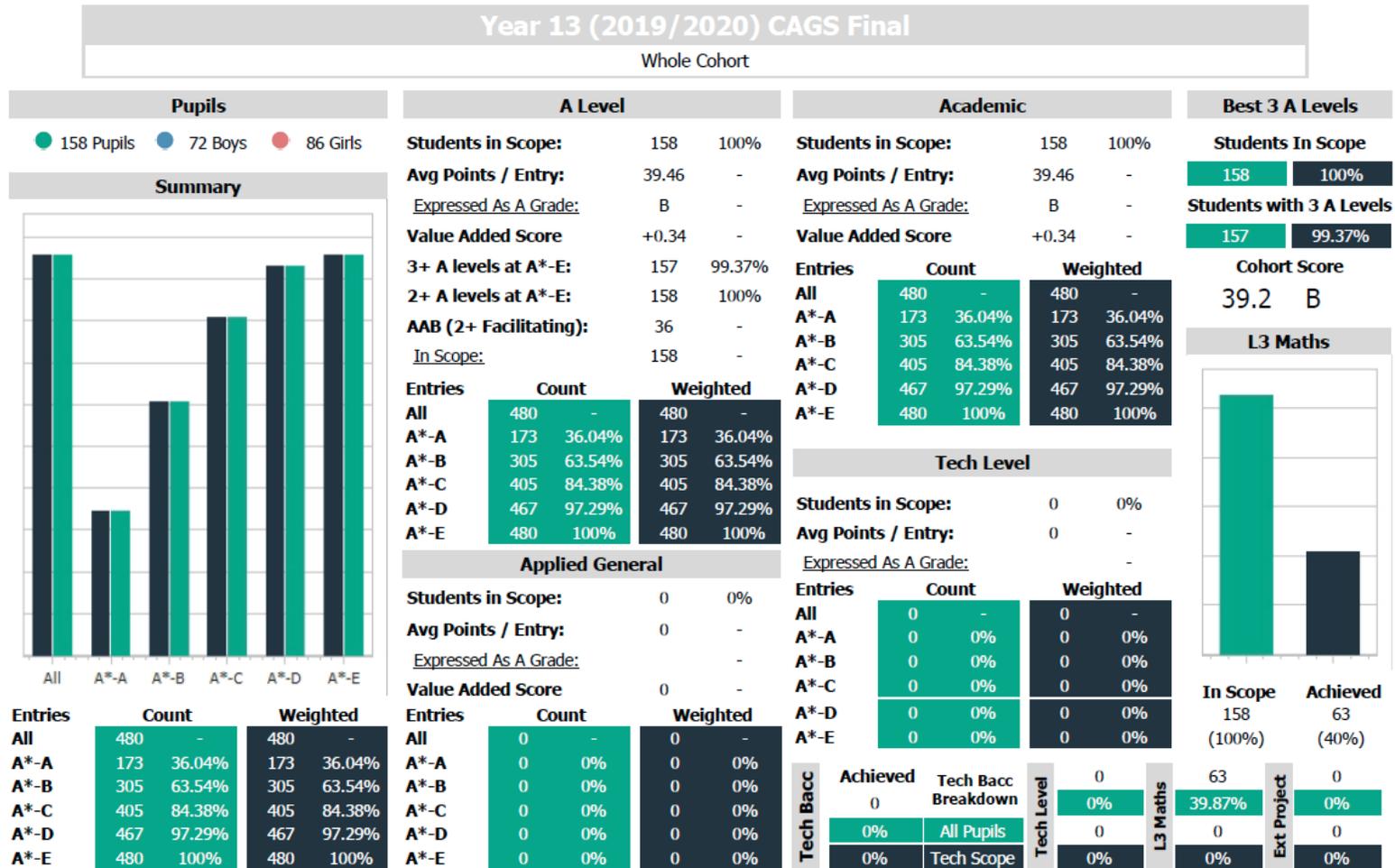
During lockdown the school continued its education provision on line, as well as running a school for key workers and vulnerable students on site. The school ran regular on line lessons for all year groups with a significant focus on the exam classes. It had a well-established on line platform that facilitated quality lessons and learning, this in turn has ensured that Davenant students did not significantly lose out on their curriculum or learning during lockdown. Safeguarding and student welfare was paramount during this time with welfare calls for all and support put in place for key students and families. Full curriculum and specialist teaching has ensued since September in line with Government recommendations with full Risk Assessments in place.

Some extra-curricular activities also continued on line, including music tuition. Parental support during this time was tremendous and feedback from stakeholders has been very encouraging. Governors wish to record their thanks to the staff, students and parents for managing so well during this difficult period.

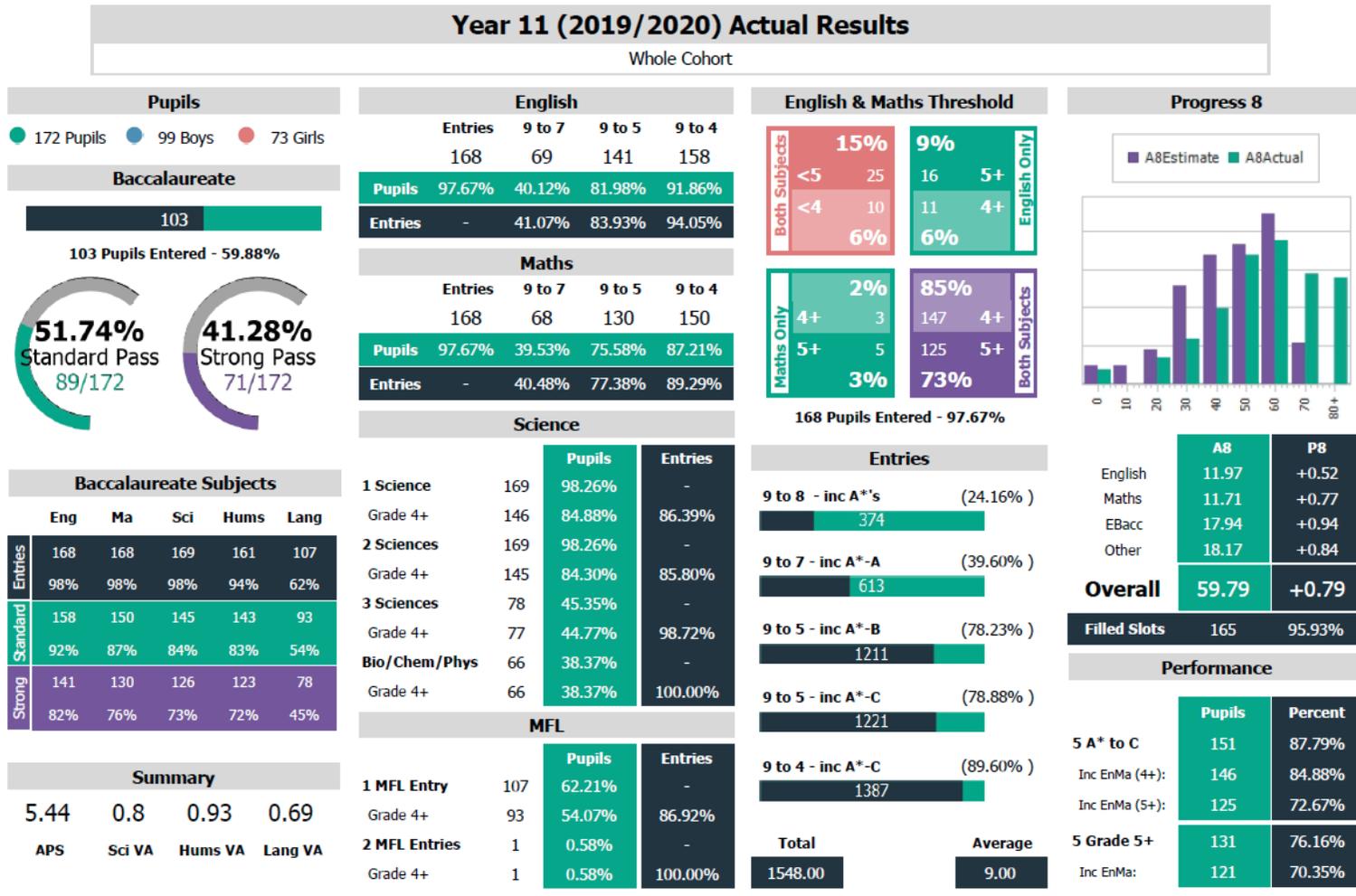
Governors' report Year to 31 August 2020

ACHIEVEMENTS AND PERFORMANCE

The governors are proud to present the following summary of A level and GCSE results:



Governors' report Year to 31 August 2020



FINANCIAL REVIEW

Financial report for the period

During the year the School incurred a deficit on its restricted fund (before transfers and actuarial gains and losses) of £291k (2019 - £266k). An actuarial loss on the defined pension scheme of £267k (2019 - £447k loss) resulted in an overall deficit on this fund for the year of £558k (2019 - £713k). On the unrestricted fund a surplus of £108k (2019 – deficit of £15k) before transfers was recorded. The pension deficit increased by £538k (2019 - increased by £746k). Excluding this deficit, restricted ESFA funds are held at a balance of £nil (2019 - £nil). At 31 August 2020 £249k (2019 - £143k) is held in unrestricted funds, £3,731k (2019 - £4,154k) is held within the restricted capital funds and £74k (2019 - £94k) in other restricted funds.

The majority of the School's income for the year ended 31 August 2020 was obtained from the ESFA in the form of a general annual grant and other grants. This income totalled £5,716k (2019 - £5,595k) and represents 79% (2019 - 78%) of the total income received in the period.

Expenditure was £7,872k (2019 - £8,037k) on the School's educational operations and includes £18k (2019 - £15k) on governance costs.

The results for the year are shown on page 24. See also note 18 on page 38.

Reserves policy

At 31 August 2020 the School had unrestricted funds of £249k (2019 - £143k). The school also had internal commitments to departmental budgets, teacher training initiatives and other specific school projects amounting to £70k (2019 - £58k). In 2018, the School entered into an agreement with SALIX for an interest free loan to fund the installation of energy efficient lighting. The loan is repayable over 8 years and, given its long term nature and that the School will fund repayments as they fall due, it has been calculated it has free reserves at 1 September 2020 to be £297k (2019 - £224k) represented by net current assets. After making appropriate enquiries, the Governing Body has a reasonable expectation that the School has adequate resources to continue in operational existence for the foreseeable future. For this reason it considers that the going concern basis of preparing the financial statements is appropriate.

Changes to the way in which the School is being funded will continue to put severe pressure on the use of its resources and it will be an ongoing challenge to safeguard standards and properly meet its charitable objectives. For the year ending 31 August 2021, the School has set a surplus budget of £29k (2019 - surplus of £16k) compared to its expected ESFA funding and therefore free reserves are expected to be maintained in the short term and medium terms.

Investment policy

Governors have agreed an investment policy that allows the investment of surplus funds in risk free deposit accounts. Where funds are not readily accessible an assessment must be made to ensure that the school can meet its outgoings whilst the funds are on deposit.

PRINCIPAL RISKS AND UNCERTAINTIES

At this stage, the principal risks of the School that have been subject to detailed review are:

- ◆ managing the academy in the light of the ongoing implications of the Covid19 pandemic – both operational and financial;
- ◆ the effect on Davenant of the introduction of the National Funding Formula (NFF), in particular how recent pay and pension grants will be incorporated;
- ◆ the effect on student achievement and wellbeing as a result of recent, and possible future, disruption to education;
- ◆ maintaining student recruitment in both years 7 and 12;
- ◆ ensuring compliance with relevant regulations, in particular GDPR.

The following actions have been taken to mitigate against the risks listed above:

- ◆ Trustees have overseen the plans for managing the school under Covid restrictions; the academy leadership has restructured the school's operations (organisation, premises and teaching) to comply with regulations whilst delivering rich curriculum and extra-curricular programmes;
- ◆ The 2020-21 budget anticipates reduced income from trading operations, and increased pastoral, teaching and organisational costs as a result of Covid. The budget will be reviewed on an ongoing basis to react to any changed circumstances.
- ◆ The 2020-21 budget has seen a welcome increase in Government funding; initial modelling for the NFF has not flagged any major concerns;
- ◆ Training has been provided to equip relevant staff to manage the required educational, technological and structural changes;
- ◆ The academy has enhanced its Student Services provision to meet the increased demand to tackle issues with student wellbeing; detailed curriculum reviews have been undertaken to identify gaps in learning as a result of lockdown and remote learning and strategies have been put in place to address these, e.g. additional conversation support in Modern Foreign Languages;
- ◆ Successful marketing, favourable reputation and parental feedback have ensured that the 2020 student intakes have met (year 7) and exceeded (year 12) recruitment expectations; this together with increasing the student numbers in the other Key Stage 3 years, has resulted in additional income to maintain financial viability;
- ◆ the Compliance Officer and Link Governor adherence to relevant regulations, in particular Health and Safety, School trips and the new Data Protection regime has resulted in successful audits in these areas.

Governors' report Year to 31 August 2020

FUNDRAISING

The academy has not undertaken fundraising during the year. The Reynolds (Private Fund) and the Parents' Association fundraise and provide welcome support to the academy.

PLANS FOR FUTURE PERIODS

The latest Development Plan covers the 2 academic years 2019- 2021 so the following targets remain relevant for the 2020-21 academic year:

- ◆ All students to make positive progress
- ◆ To improve A level attainment and progress for all levels of entry
- ◆ All students to progress to the best higher/further education for their ability.
- ◆ Reduce the progress gap between Boys and Girls, and disadvantaged groups at GCSE.
- ◆ Increase the progress of students with 'High on Entry'
- ◆ To have a thriving House system that increases Participation Pride and Passion amongst staff and students.
- ◆ Have an engaging and challenging curriculum that meets the needs of all students
- ◆ To ensure all our students gain a Cultural Capital during their time at school no matter their background.
- ◆ To raise attendance and to promote its significance
- ◆ To develop students resilience and support their mental health.
- ◆ The school has secured £1.1m funding from the government's Capital Improvement Fund to build a new block of classrooms to replace the temporary buildings scattered around the site. It is hoped the building will be ready for occupation in September 2021. This will enhance the students' learning environment and improve the site layout and appearance.

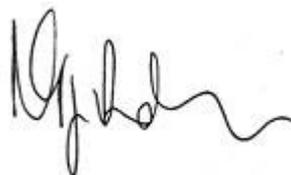
AUDITOR

In so far as the governors are aware:

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

Governors' report approved by order of the members of the board of governors and signed on its behalf by:

M Vine-Morris
Chair of Governors



Date: 15 December 2020

Governance statement Year to 31 August 2020

Scope of responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Davenant Foundation 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 Governing Body 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 the School and the Secretary of State for Education. The Headteacher is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance. However, developments in this area were necessarily paused due to the changed priorities as a result of the pandemic.

The information on governance included here supplements that described in the governors' report and in the statement of governors' responsibilities.

September 2019 to March 2020

The Board met 3 times before 'lockdown' (2 board meetings and a training session). The Standing Committee met three times, as did the Finance Committee. In addition the Curriculum, Estates, Personnel and Admissions Committees met regularly

March to August 2020

Lockdown, remote working and Covid restrictions required swift measures to ensure that governance continued without placing unnecessary burdens on academy staff. The following measures were implemented:

- ◆ meetings moved from physical to virtual and it is pleasing to report that all governors were able to continue their participation The April Governing Body was cancelled but urgent business was considered by the Standing Committee – see below.
- ◆ The Standing Committee (the 'members') took on the role of strategic guidance but all governors were invited to attend their meetings to ensure no governor felt excluded. These key meetings took place monthly: four were held before the end of the academic year.
- ◆ The Finance Committee held an email conversation in lieu of the meeting scheduled at the start of lockdown; papers had already been circulated to Committee members and a clear summary of decisions agreed was recorded. A further virtual meeting was held, its main business being to consider the 2020-21 budget
- ◆ Where possible, some meetings' business was undertaken via an email conversation.

Governance statement Year to 31 August 2020

Governance (continued)

The Governing Body has formally met 3 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Number of meetings attended	Out of a possible
Mrs M Vine-Morris (chair)	3	3
Mrs J Anderson	3	3
Mr G Anthony	3	3
Rev. C Davies	2	3
Mr J Doherty	3	3
Ms. O Fatoye	1	1
Mrs C Folkes	3	3
Mr M Hicks	3	3
Mrs A Olapade	3	3
Mr D Prosser	3	3
Mr H Smith	2	3
Mrs S Temple	3	3
Mr A Thorne	3	3
Ms D Williams	3	3

The Standing Committee has formally met 7 times during the year. Attendance during the year was as follows:

Governor	Number of meetings attended	Out of a possible
Mrs M Vine-Morris (chair)	7	7
Mr G Anthony	7	7
Mr M Hicks	6	7
Mrs A Olapade	6	7
Mrs S Temple	7	7
Mr A Thorne	7	7

As outlined above all governors were invited (not required) to attend meetings of the Standing Committee post lockdown and the following governors attended:

Mrs J Anderson	3	4
Rev. C Davies	4	4
Mrs C Folkes	1	4
Ms D Williams	1	4

One staff governor joined and one left during the year, Since 31 August 2020 there have been no further changes. There are currently seven vacancies on the Governing Body: one community, three foundation, one parent and two staff governors.

Governance statement Year to 31 August 2020

Governance reviews

The Governing Body reviews its effectiveness by using the OFSTED document 'Effectiveness of Governance', where by using self-assessment it identifies changes required. For example, it liaises with the School's School Improvement Partner to ensure it is up to date with OFSTED requirements. It has also completed a skills audit which is used in the governor appointment process, in conjunction with the new recruitment policy. A whole board training event took place on 29 February which provided an opportunity for the Headteacher to update governors on current developments and time was given to long term planning. Unfortunately these developmental activities were put on hold once Covid restrictions were imposed, although the established 'link governor' system continued by phone or other virtual communications.

The Finance Committee is a sub-committee of the main Governing Body. Its purpose is to make decisions that will enable compliance with governors' approved budgets and policies, legislation and regulation. It is responsible to the Governing Body through the Standing Committee.

Attendance at meetings in the year was as follows:

Governor	Number of meetings attended	Out of a possible
Mrs C Folkes	5	5
Mr M Hicks	5	5
Mr D Prosser	5	5
Mr H Smith	5	5
Mr A Thorne	5	5

Review of value for money

The Trust has applied the principles of PPN 02/20 and PPN 04/20, mainly in connection with the catering, grounds maintenance and supply teacher contracts. This resulted in additional costs in respect of the catering contract because costs were not offset by income. For the other contracts no additional costs were incurred, but not all the services were required when the school was in lockdown.

Lockdown adversely affected income earned from activities, lettings in particular. A 50% reduction in lettings income occurred with minimal cost savings. Other extra-curricular activities were curtailed, although some costs were recouped from the government's furlough scheme.

As Accounting Officer, the Headteacher has responsibility for ensuring that the School 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 School has delivered and improved value for money during the year by:

Governance statement Year to 31 August 2020

Review of value for money (continued)

- ◆ In-house monitoring by the Headteacher, SLG and curriculum managers, e.g. classroom observation, work sampling, regular line management meetings and reviews of student progress;
- ◆ Annual Performance Management meetings for all staff;
- ◆ Analysis of pupil performance data with particular reference to pupil test and examination outcomes with the use of school data and that provided by external agencies, e.g. FFT, ALPS, OFSTED;
- ◆ Regular visits by the School Improvement Partner including meetings with SLG, curriculum managers and annually with governors;
- ◆ Scrutiny of financial data including regular budget reports, reports from the external auditor and Internal Scrutiny reviews; and
- ◆ Meetings of the Governing Body with close scrutiny of the School Development Plan by committees and regular contact with curriculum areas through the Link Governor system.

In particular:

- ◆ Governors agreed a policy of carefully assessing the need to replace leaving staff. This meant that any replacements were deemed essential and savings were achieved;
- ◆ Any spare capacity in the teaching timetable was allocated to cover to minimise bought in supply teachers; and
- ◆ As part of the cyclical review of contracts, the School uses the services of procurement specialists to review significant contracts.

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 ongoing process designed to identify and prioritise the risks to the achievement of the School's 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 at the School for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Body has reviewed the key risks to which the School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is an ongoing process for identifying, evaluating and managing the School's significant risks that has been in place for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

Governance statement Year to 31 August 2020

The risk and control framework

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

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- ◆ regular reviews by the Finance 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; and
- ◆ identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and for 2019-20 commissioned Buzzacott LLP, the external auditor, to perform a range of checks on the School's financial systems, to be reported to the Finance/Audit Committee. Lockdown necessitated the reviews being undertaken later than usual in the financial year. In line with the newly revised FRC Ethical Standard, the Governing Body has appointed Juniper Education Services to provide an internal scrutiny service for the financial year 2020-21.

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 internal scrutiny reviews;
- ◆ the work of the external auditor;
- ◆ the financial management and governance self-assessment process; and
- ◆ the work of the Finance and Resources Manager within the School, who has responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Governing Body and signed on their behalf by:



M Vine-Morris
(Chair of Governors)



A Thorne
(Headteacher and Accounting Officer)

Approved on: 15 December 2020

Statement on regularity, propriety and compliance Year to 31 August 2020

As Accounting Officer of Davenant Foundation School, I have considered my responsibility to notify the School Governing Body and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the School and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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



Accounting Officer

Date: 15 December 2020

Statement of governors' responsibilities Year to 31 August 2020

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

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

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2019 to 2020;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the School will continue in operation.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the School's transactions and disclose with reasonable accuracy at any time the financial position of the School 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 School and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The governors are responsible for ensuring that in its conduct and operation the School 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 have been applied for the purposes intended.

The governors are responsible for the maintenance and integrity of the charitable company and financial information included on the School'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 Governing Body and signed on its behalf by:



Chair of Governors

Date: 15 December 2020

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

Opinion

We have audited the financial statements of Davenant Foundation School (the 'school') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the School's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

- the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the School'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.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' 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 Governors' Responsibilities Statement, the Governors (who are also the directors of the School for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the School's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the School 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.

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 Auditor's Report.

Use of our report

This report is made solely to the members 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 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 members for our audit work, for this report, or for the opinions we have formed.



Hugh Swainson (Senior Statutory Auditor)

for and on behalf of

Buzzacott LLP

Statutory Auditor

130 Wood Street

London

EC2V 6DL

Date: 22 December 2020

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DAVENANT FOUNDATION SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 13 September 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Davenant Foundation School during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Davenant Foundation School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Davenant Foundation School's funding agreement with the Secretary of State for Education dated 28 August 2014 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by 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 School's income and expenditure.

- An assessment of the risk of material irregularity and impropriety across all of the School's activities;
- Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

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

Buzzacott LLP
130 Wood Street
London
EC2V 6DL



Date: 22 December 2020

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

		Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
	Note					
Income from:						
Donations and capital grants	3	-	127	28	155	376
Charitable activities	4	-	6,917	-	6,917	6,534
Other trading activities	5	192	-	-	192	271
Investments	6	-	-	-	-	1
Total income		192	7,044	28	7,264	7,182
Expenditure on:						
Charitable activities		84	7,335	453	7,872	8,037
Total expenditure	7	84	7,335	453	7,872	8,037
Net income/(expenditure)		108	(291)	(425)	(608)	(855)
Transfers between funds	18	(2)	-	2	-	-
Net movement in funds before other recognised losses		106	(291)	(423)	(608)	(855)
Other recognised losses:						
Actuarial losses on defined benefit pension schemes	26	-	(267)	-	(267)	(447)
Net movement in funds		106	(558)	(423)	(875)	(1,302)
Reconciliation of funds:						
Total funds brought forward		143	(3,157)	4,154	1,140	2,442
Net movement in funds		106	(558)	(423)	(875)	(1,302)
Total funds carried forward		249	(3,715)	3,731	265	1,140

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

The notes on pages 27 to 45 form part of these financial statements.

**BALANCE SHEET
AS AT 31 AUGUST 2020**

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	14	3,731	4,154
		<u>3,731</u>	<u>4,154</u>
Current assets			
Debtors	15	291	327
Cash at bank and in hand		562	574
		<u>853</u>	<u>901</u>
Creditors: amounts falling due within one year	16	(433)	(547)
		<u>420</u>	<u>354</u>
Net current assets		<u>420</u>	<u>354</u>
Total assets less current liabilities		<u>4,151</u>	<u>4,508</u>
Creditors: amounts falling due after more than one year	17	(97)	(117)
Net assets excluding pension liability		<u>4,054</u>	<u>4,391</u>
Defined benefit pension scheme liability	26	(3,789)	(3,251)
Total net assets		<u><u>265</u></u>	<u><u>1,140</u></u>
Funds of the School			
Restricted funds:			
Fixed asset funds	18	3,731	4,154
Restricted income funds	18	74	94
Pension reserve	18	(3,789)	(3,251)
Total restricted funds	18	<u>16</u>	<u>997</u>
Unrestricted income funds	18	<u>249</u>	<u>143</u>
Total funds		<u><u>265</u></u>	<u><u>1,140</u></u>

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

The financial statements on pages 25 to 46 were approved by the Governors, and authorised for issue on and are signed on their behalf, by:

M Vine Morris
Chair of Governors



Date: 15 December 2020

Davenant Foundation School – Company Registration Number 7540256 (England and Wales).

The notes on pages 27 to 45 form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	2020 £000	<i>2019 £000</i>
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	10	<i>(357)</i>
Cash flows from investing activities			
	22	(2)	<i>112</i>
Cash flows from financing activities			
	21	(20)	<i>(20)</i>
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(12)	<i>(265)</i>
Cash and cash equivalents at the beginning of the year		574	<i>839</i>
Cash and cash equivalents at the end of the year	23	<hr/> 562 <hr/>	<hr/> <i>574</i> <hr/>

The notes on pages 27 to 45 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the School, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

The Governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the School to continue as a going concern. The Governors 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 School has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the School's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

All incoming resources are recognised when the School 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 period 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.

- **Other income**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.4 Expenditure

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

• Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

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

1.6 Taxation

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

1.7 Tangible fixed assets

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

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

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

Depreciation is provided on the following basis:

Long-term leasehold property	-	5%	straight line
Furniture and equipment	-	25%	straight line
Computer equipment	-	33%	straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

1.8 Debtors

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.9 Cash at bank and in hand

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

1.10 Liabilities

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

1.11 Operating leases

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

1.12 Pensions

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

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

1.13 Fund accounting

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

The School 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 net book value of tangible fixed assets is based on the original cost/value of the asset net of provision for depreciation. The depreciation provision to date is based on the trustees' assessment of the estimated useful economic lives of such assets.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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.

Critical areas of judgement:

Other than the estimates discussed above, the governors do not consider that there are any key judgements made in the preparation of the financial statements.

3. Income from donations and capital grants

	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Other donations	127	-	127
Capital Grants	-	28	28
Donated fixed assets	-	-	-
	<hr/>	<hr/>	<hr/>
	127	28	155
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	<i>Restricted funds 2019 £000</i>	<i>Restricted fixed asset funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Donations	243	-	243
Capital Grants	22	90	112
Donated fixed assets	-	21	21
	<hr/>	<hr/>	<hr/>
	265	111	376
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

4. Funding for the School's academy trust educational operations

	Restricted funds 2020 £000	Total funds 2020 £000	<i>Total funds 2019 £000</i>
ESFA revenue grants			
GAG	5,716	5,716	5,595
OtherDfE/ESFA grants	658	658	286
	<hr/> 6,374	<hr/> 6,374	<hr/> 5,881
Other Government grants			
Local authority grants	26	26	12
Special educational projects	119	119	145
	<hr/> 145	<hr/> 145	<hr/> 157
Exceptional government funding			
Coronavirus Job Retention Scheme grant	6	6	-
Coronavirus exceptional support	8	8	-
	<hr/> 14	<hr/> 14	<hr/> -
Other income from the academy trust's educational operations	384	384	496
Total 2020	<hr/> 6,917 <hr/>	<hr/> 6,917 <hr/>	<hr/> 6,534 <hr/>

All income is included within restricted funds for both 2020 and 2019.

The school 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".

The funding received for coronavirus exceptional support covers £6k of health and safety improvement cost, and the costs of providing free school meal vouchers during the national lockdown period.

5. Income from other trading activities

	Unrestricted funds 2020 £000	Total funds 2020 £000	<i>Total funds 2019 £000</i>
Hire of facilities/lettings income	52	52	95
Miscellaneous income	140	140	176
	<hr/> 192	<hr/> 192	<hr/> 271
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

6. Investment income

	Total funds 2020 £000	<i>Total funds 2019 £000</i>
Interest receivable	-	1
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

7. Expenditure

	Staff Costs 2020 £000	Premises 2020 £000	Other 2020 £000	Total 2020 £000
Academy trust educational operations:				
Direct costs	4,835	453	420	5,708
Allocated support costs	1,248	355	561	2,164
Total 2020	6,083	808	981	7,872

	<i>Staff Costs 2019 £000</i>	<i>Premises 2019 £000</i>	<i>Other 2019 £000</i>	<i>Total 2019 £000</i>
Academy trust educational operations:				
Direct costs	4,630	476	457	5,563
Allocated support costs	1,266	629	579	2,474
<i>Total 2019</i>	<i>5,896</i>	<i>1,105</i>	<i>1,036</i>	<i>8,037</i>

8. Analysis of expenditure by activities

	Activities undertaken directly 2020 £000	Support costs 2020 £000	Total funds 2020 £000
Academy trust educational operations	5,708	2,164	7,872

	<i>Activities undertaken directly 2019 £000</i>	<i>Support costs 2019 £000</i>	<i>Total funds 2019 £000</i>
Academy trust educational operations	5,563	2,474	<i>8,037</i>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2020 £000	<i>Total funds 2019 £000</i>
Staff costs	1,248	1,266
Technology	49	34
Premises	355	629
Other support costs	494	527
Governance	18	18
	<u>2,164</u>	<u>2,474</u>

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £000	<i>2019 £000</i>
Operating lease rentals	31	40
Depreciation of tangible fixed assets	453	475
Loss on disposal of fixed assets	-	2
Fees paid to auditor for:		
- audit	10	9
- other services	5	5
	<u>5</u>	<u>5</u>

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2020 £000	<i>2019 £000</i>
Wages and salaries	4,405	4,322
Social security costs	422	413
Pension costs	1,167	969
	<u>5,994</u>	<u>5,704</u>
Agency staff costs	89	192
	<u>6,083</u>	<u>5,896</u>

b. Non-statutory/non-contractual staff severance payments

There were no non-contratual severance payments in the year (2019 - none).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

10. Staff costs (continued)

c. Staff numbers

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

	2020	<i>2019</i>
	No.	<i>No.</i>
Teachers	76	<i>72</i>
Administration and support	88	<i>95</i>
Management	5	<i>5</i>
	169	<i>172</i>

d. Higher paid staff

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

	2020	<i>2019</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	4	<i>2</i>
In the band £70,001 - £80,000	1	<i>1</i>
In the band £90,001 - £100,000	1	<i>1</i>

e. Key management personnel

The key management personnel of the School comprise the trustees and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services to the School was £660,677 (2019 - £570,218).

11. Governors' remuneration and expenses

One or more Governors has been paid remuneration or has received other benefits from an employment with the School. The principal and other staff Governors 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 Governors' remuneration and other benefits was as follows:

		2020	<i>2019</i>
		£000	<i>£000</i>
A Thorne	Remuneration	95 - 100	<i>90 - 95</i>
	Pension contributions paid	20 - 25	<i>10 - 15</i>
J Doherty	Remuneration	50 - 55	<i>50 - 55</i>
	Pension contributions paid	10 - 15	<i>5 - 10</i>
C Folkes	Remuneration	25 - 30	<i>25 - 30</i>
	Pension contributions paid	5 - 10	<i>0 - 5</i>
D Moffat (resigned 21/9/2018)	Remuneration	nil	<i>20 - 25</i>
	Pension contributions paid	nil	<i>0 - 5</i>
O Fatoye	Remuneration	40 - 45	<i>nil</i>
	Pension contributions paid	5 - 10	<i>nil</i>

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. During the year ended 31 August 2020, expenses totalling £271 were reimbursed or paid directly to 2 Governors (2019 - £523 to 2 Governors).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

12. Governors' and Officers' insurance

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

13. Comparative information

Analysis of income and expenditure in the year ended 31 August 2019 between restricted and unrestricted funds:

	Unrestricted general fund	Restricted general fund	Restricted fixed assets fund	2019 Total funds
	£'000	£'000	£'000	£'000
Income from:				
Donations and capital grants	-	333	43	376
Charitable activities:				
. Funding for the Academy's educational operations and development	-	6,534	-	6,534
Other trading activities	271	-	-	271
Investments	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
Total income	<u>272</u>	<u>6,867</u>	<u>43</u>	<u>7,182</u>
Expenditure on:				
Charitable activities:				
. Academy's educational operations	<u>287</u>	<u>7,133</u>	<u>617</u>	<u>8,037</u>
Total expenditure	<u>287</u>	<u>7,133</u>	<u>617</u>	<u>8,037</u>
Net income (expenditure)	(15)	(266)	(574)	(855)
Other recognised gains and losses				
Actuarial gains on defined benefit pension scheme	<u>-</u>	<u>(447)</u>	<u>-</u>	<u>(447)</u>
Net movement in funds	(15)	(713)	(574)	(1,302)
Reconciliation between funds				
Fund balances brought forward at 1 September 2018	<u>158</u>	<u>(2,444)</u>	<u>4,728</u>	<u>2,442</u>
Fund balances carried forward at 31 August 2019	<u>143</u>	<u>(3,157)</u>	<u>4,154</u>	<u>1,140</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

14. Tangible fixed assets

	Long-term leasehold property £000	Assets under construction £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost or valuation					
At 1 September 2019	7,198	-	463	328	7,989
Additions	-	28	2	-	30
At 31 August 2020	<u>7,198</u>	<u>28</u>	<u>465</u>	<u>328</u>	<u>8,019</u>
Depreciation					
At 1 September 2019	3,239	-	284	312	3,835
Charge for the year	360	-	80	13	453
At 31 August 2020	<u>3,599</u>	<u>-</u>	<u>364</u>	<u>325</u>	<u>4,288</u>
Net book value					
At 31 August 2020	<u>3,599</u>	<u>28</u>	<u>101</u>	<u>3</u>	<u>3,731</u>
At 31 August 2019	<u>3,959</u>	<u>-</u>	<u>179</u>	<u>16</u>	<u>4,154</u>

For the purposes of these financial statements, the land is deemed to have no commercial value. Leasehold buildings are included at a depreciated replacement cost value.

15. Debtors

	2020 £000	2019 £000
Trade debtors	51	77
Other debtors	-	16
Prepayments and accrued income	226	234
Tax recoverable	14	-
	<u>291</u>	<u>327</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

16. Creditors: Amounts falling due within one year

	2020	<i>2019</i>
	£000	<i>£000</i>
Other loans	20	<i>20</i>
Trade creditors	9	<i>11</i>
Other taxation and social security	99	<i>95</i>
Other creditors	149	<i>171</i>
Accruals and deferred income	156	<i>250</i>
	433	<i>547</i>

	2020	<i>2019</i>
	£000	<i>£000</i>
Deferred income at 1 September 2019	183	<i>156</i>
Resources deferred during the year	82	<i>183</i>
Amounts released from previous periods	(183)	<i>(156)</i>
	82	<i>183</i>

Deferred income relates to funding received in advance for various educational and sporting activities.

17. Creditors: Amounts falling due after more than one year

	2020	<i>2019</i>
	£000	<i>£000</i>
Other loans	97	<i>117</i>

The above SALIX loan is unsecured and does not incur interest.

The above loan is repayable as follows:

	2020	<i>2019</i>
	£000	<i>£000</i>
Within one year	20	<i>20</i>
Within two to five years	79	<i>79</i>
In more than five years	18	<i>38</i>
	117	<i>137</i>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

18. Statement of funds

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds						
General funds	143	192	(84)	(2)	-	249
Restricted general funds						
General Annual Grant (GAG)	-	5,716	(5,736)	20	-	-
Pupil premium	-	153	(153)	-	-	-
Other grants	94	1,175	(1,175)	(20)	-	74
Pension reserve	(3,251)	-	(271)	-	(267)	(3,789)
	(3,157)	7,044	(7,335)	-	(267)	(3,715)
Restricted fixed asset funds						
Other Fixed Assets	3,959	-	(360)	-	-	3,599
DfE/ESFA Capital grants	101	28	(40)	-	-	89
Capital expenditure from GAG	68	-	(39)	2	-	31
Private sector capital sponsorship	26	-	(14)	-	-	12
	4,154	28	(453)	2	-	3,731
Total Restricted funds	997	7,072	(7,788)	2	(267)	16
Total funds	1,140	7,264	(7,872)	-	(267)	265

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

- i Under the funding agreement with the Secretary of State, the School was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.
- ii Pension reserve relates to the School's share of the deficit on the Local Government Pension scheme managed by Essex Pension Fund.
- iii Restricted fixed assets funds were funded by government grants and donations to fund capital expenditure.
- iv Other funds relate to monies received for specific purposes.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

18. Statement of funds (continued)

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

	<i>Balance at 1 September 2018 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2019 £000</i>
Unrestricted funds						
General funds	158	272	(287)	-	-	143
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Restricted general funds						
General Annual Grant (GAG)	-	5,595	(5,595)	-	-	-
Pupil premium	-	144	(144)	-	-	-
Other grants	61	1,128	(1,095)	-	-	94
Pension reserve	(2,505)	-	(299)	-	(447)	(3,251)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(2,444)	6,867	(7,133)	-	(447)	(3,157)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Restricted fixed asset funds						
Other Fixed Assets	4,319	-	(360)	-	-	3,959
DfE/ESFA Capital grants	262	22	(183)	-	-	101
Capital expenditure from GAG	60	-	(52)	60	-	68
Private sector capital sponsorship	87	21	(22)	(60)	-	26
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	4,728	43	(617)	-	-	4,154
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Restricted funds	2,284	6,910	(7,750)	-	(447)	997
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	2,442	7,182	(8,037)	-	(447)	1,140
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

19. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	-	3,731	3,731
Current assets	249	604	-	853
Creditors due within one year	-	(433)	-	(433)
Creditors due in more than one year	-	(97)	-	(97)
Provisions for liabilities and charges	-	(3,789)	-	(3,789)
Total	249	(3,715)	3,731	265

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2019 £000</i>	<i>Restricted funds 2019 £000</i>	<i>Restricted fixed asset funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Tangible fixed assets	-	-	4,154	4,154
Current assets	143	758	-	901
Creditors due within one year	-	(547)	-	(547)
Creditors due in more than one year	-	(117)	-	(117)
Provisions for liabilities and charges	-	(3,251)	-	(3,251)
Total	143	(3,157)	4,154	1,140

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

	2020 £000	<i>2019 £000</i>
Net expenditure for the period (as per Statement of Financial Activities)	(608)	(855)
Adjustments for:		
Depreciation	453	<i>475</i>
Capital grants from DfE and other capital income	(28)	<i>(133)</i>
Interest receivable	-	<i>(1)</i>
Defined benefit pension scheme cost less contributions payable	211	<i>235</i>
Defined benefit pension scheme finance cost	60	<i>64</i>
Decrease/(increase) in debtors	36	<i>(136)</i>
Decrease in creditors	(114)	<i>(8)</i>
Loss on disposal of fixed assets	-	<i>2</i>
Net cash provided by/(used in) operating activities	10	(357)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

21. Cash flows from financing activities

	2020	<i>2019</i>
	£000	<i>£000</i>
Repayments of borrowing	(20)	(20)
Net cash used in financing activities	(20)	<i>(20)</i>

22. Cash flows from investing activities

	2020	<i>2019</i>
	£000	<i>£000</i>
Dividends, interest and rents from investments	-	1
Purchase of tangible fixed assets	(30)	(22)
Capital grants from DfE Group	28	112
Capital funding received from sponsors and others	-	21
Net cash (used in)/provided by investing activities	(2)	<i>112</i>

23. Analysis of cash and cash equivalents

	2020	<i>2019</i>
	£000	<i>£000</i>
Cash in hand	562	574
Total cash and cash equivalents	562	<i>574</i>

24. Analysis of changes in net debt

	At 1 September 2019	Cash flows	At 31 August 2020
	£000	£000	£000
Cash	574	(12)	562
	574	(12)	562
Loans falling due within one year	(20)	-	(20)
Loans falling due after more than one year	(117)	20	(97)
Total	437	8	445

25. Capital commitments

	2020	<i>2019</i>
	£000	<i>£000</i>
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	1,182	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

26. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £106,829 were payable to the schemes at 31 August 2020 (2019 - £88,920) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £641,841 (2019 - £587,367).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £329,000 (2019 - £332,000), of which employer's contributions totalled £260,000 (2019 - £262,000) and employees' contributions totalled £69,000 (2019 - £70,000). The agreed contribution rates for future years are 23.7% for employers and between 5.5% and 12.5% for employees.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

26. Pension commitments (continued)

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	3.30	3.70
Rate of increase for pensions in payment/inflation	2.30	2.20
Discount rate for scheme liabilities	1.60	1.85
Inflation assumption (CPI)	2.30	2.20
Commutation of pensions to lump sums	50	50

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

	2020	2019
	Years	Years
<i>Retiring today</i>		
Males	21.8	21.3
Females	23.8	23.6
<i>Retiring in 20 years</i>		
Males	23.2	23.0
Females	25.2	25.4

Sensitivity analysis

	2020	2019
	£000	£000
Discount rate +0.1%	153	131
Discount rate -0.1%	(157)	(134)
Mortality assumption - 1 year increase	(261)	(231)
Mortality assumption - 1 year decrease	252	223
CPI rate +0.1%	(144)	(120)
CPI rate -0.1%	140	118

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

	At 31 August	<i>At 31 August</i>
	2020	2019
	£000	£000
Equities	1,967	1,737
Corporate bonds	872	717
Property	246	220
Cash and other liquid assets	86	80
Total market value of assets	3,171	2,754
Present value of scheme liabilities		
Funded	(6,960)	(6,005)
Deficit in the scheme	(3,789)	(3,251)

The actual return on scheme assets was £210,000 (2019 - £136,000).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

26. Pension commitments (continued)

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

	2020	<i>2019</i>
	£000	<i>£000</i>
Current service cost (net of employer contributions)	(211)	(178)
Past service cost	-	(57)
Interest income	51	63
Interest cost	(111)	(127)
Total amount recognised in the Statement of Financial Activities	(271)	<i>(299)</i>

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

	2020	<i>2019</i>
	£000	<i>£000</i>
At 1 September	6,005	<i>4,766</i>
Interest cost	111	127
Employee contributions	69	70
Benefits paid	(61)	(39)
Past service costs	-	57
Current service cost	471	440
Actuarial loss	365	584
At 31 August	6,960	<i>6,005</i>

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

	2020	<i>2019</i>
	£000	<i>£000</i>
At 1 September	2,754	<i>2,261</i>
Interest income	51	63
Employee contributions	69	70
Benefits paid	(61)	(39)
Actuarial gain	98	137
Employer contributions	260	262
At 31 August	3,171	<i>2,754</i>

27. Operating lease commitments

At 31 August 2020 the School had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020	<i>2019</i>
	£000	<i>£000</i>
Not later than 1 year	28	30
Later than 1 year and not later than 5 years	12	34
	40	<i>64</i>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

28. 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.

29. Related party transactions

Owing to the nature of the School's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is possible that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the School's financial regulations and normal procurement procedures. No related party transactions occurred in respect of governors.

Davenant Foundation School The Reynolds (School Private) Fund (Charity Registration Number 292223) is a connected charity. Income totalling £144,799 (2019 - £182,991) from the Foundation has been included for the period to 31 August 2020. £7,977 is included in debtors at 31 August 2020 (2019 - £32,422).

The Whitechapel Educational Foundation (Charity Registration Number 312698) is a connected charity. Income totalling £13,359 (2019 - £98,077) from the Foundation has been included for the period to 31 August 2020. £489 (2019 - £10,195) is included in debtors at 31 August 2020. The Foundation is also the freehold landlord of the School's land and buildings. The School is party to a supplementary agreement between the ESFA and the Foundation for the use of the land and buildings. This agreement would terminate should the School's funding agreement cease to be in place or upon reasonable notice from the Foundation.

30. Agency arrangements

The School distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2020 the trust received £13,383 (2019 - £14,614) (in addition to £13,462 brought forward from 2019) and disbursed £17,438 from the fund. An amount of £9,407 is included in other creditors relating to undistributed funds that is repayable to ESFA.