

**Report of the Trustees and
Financial Statements for the Year Ended 31 August 2019
for
The Axholme Academy**

Forrester Boyd
Statutory Auditors
Chartered Accountants
66-68 Oswald Road
Scunthorpe
North Lincolnshire
DN15 7PG

The Axholme Academy

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for the Year Ended 31 August 2019

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The Axholme Academy

Reference and Administrative Details for the Year Ended 31 August 2019

MEMBERS	N Shaw (appointed 15.10.18) D M A Da Costa J P Sellars
TRUSTEES	G Wright (staff trustee) (resigned 28.2.19) D M A Da Costa C Burke J P Sellars (resigned 31.8.19) D A Southam N Shaw N Harrison K Wallwork A Mathon (resigned 14.11.18) S Spence-Hill I Hamilton K Reich D Keogh (appointed 1.9.19)
SENIOR MANAGEMENT TEAM	J Sellars (Principal) B Creasy (Vice Principal) L Thirsk (Thompson) (Assistant Principal) L Kinroy (Assistant Principal)
COMPANY SECRETARY	S E Leggott
REGISTERED OFFICE	Wharf Road Crowle Scunthorpe North Lincolnshire DN17 4HU
REGISTERED COMPANY NUMBER	07840804 (England and Wales)
AUDITORS	Forrester Boyd Statutory Auditors Chartered Accountants 66-68 Oswald Road Scunthorpe North Lincolnshire DN15 7PG
SOLICITORS	Browne Jacobson Mowbray House Castle Meadow Road Nottingham, NG2 1BJ

The Axholme Academy
Reference and Administrative Details
for the Year Ended 31 August 2019

BANKERS

Natwest
119 High Street
Scunthorpe
North Lincolnshire, DN15 6LT

The Axholme Academy

Report of the Trustees for the Year Ended 31 August 2019

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2019. The trustees have adopted the provisions of 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) (effective 1 January 2015) and the Academies Accounts Direction issued by the Education and Skills Funding Agency.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The principal object and activity of the charitable company is the operation of The Axholme Academy to provide education for pupils of different abilities between the ages of 11 and 16.

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

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

- o to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- o to raise the standard of educational achievement of all pupils;
- o to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- o to provide value for money for the funds expended;
- o to comply with all appropriate statutory and curriculum requirements;
- o to maintain close links with industry and commerce; and
- o to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

Significant activities

The Academy's main strategy is encompassed in its Vision Statement, which is "At The Axholme Academy we aim to achieve excellence in all aspects of school life through high quality teaching and learning, a creative and challenging curriculum, and an ethos of support, in order to develop independent learners who are well prepared for the next stage of their lives."

For 2019-20 the means by which the academy will make progress towards fulfilling this vision are presented in the Academy Improvement Plan which contains actions and strategies relating to how we will -

Create a 5 year learning journey enabling all students to make excellent progress and develop as well rounded members of the school community by:

- Further increase the proportion of students who make at least good progress in all subjects and the proportion who attain strong passes in core subjects
- Further improve the quality of teaching so that it consistently stretches and challenges all students
- Further develop the effective day to day evaluation of the quality of teaching and learning
- Further improve the support available for all students to positively engage with academy life
- Further improve the overall effectiveness of Leadership so that leaders at all levels work with clarity and cohesiveness to further impact on academy priorities

The Academy provides educational services to all children in the local area. The Trustees confirm that they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to the public benefit guidance provided by the Charity Commission in exercising their powers and duties.

Public benefit

The Academy provides educational services to all children in the local area. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission in exercising their powers and duties.

The Axholme Academy
Report of the Trustees
for the Year Ended 31 August 2019

STRATEGIC REPORT

Achievement and performance

Charitable activities

A number of performance indicators were used to monitor and evaluate the success of the academy during the 2018/19 academic year. At the beginning of the academic year an aspirational target was set for each performance indicator for the then Year 11 cohort of students. In September 2019, the performance of these students was compared against each target to evaluate how well they performed, as below:

Performance Indicator	Results	Target
Progress 8	-0.28 (provisional)	0
Progress 8 (disadvantaged)	-0.213	0
5-9 in En & Ma	43%	46%
5-9 in En & Ma (disadvantaged)	30%	37%
4-9 in En & Ma	76%	71%
English Baccalaureate	25%	29%

Key financial performance indicators

The academy is in its eighth year of operation. Student numbers are now higher than those forecast and this year our year 7 intake was 117 which is our 9 over our Published Admission Number (108). As at 17th November 2017 we had a total of 517 students on roll, as at 17th November 2018 we had 545 and as at 19th November 2019 we have 561 students on roll. The Published Admission Number for 2020 will be 115. Future forecasts for student numbers show a continued increase over the next 5 years, with evidence to suggest that the work done by our Primary Liaison Team both locally and further afield and the further extension of our transport provision, is proving a success, as we continue to attract an increasing number of students from beyond our traditional catchment area.

We are disappointed by the overall performance of our Y11 leavers in 2019 and have already put a considerable amount of time and effort into both reviewing what led to this set of results and implementing strategies which will ensure that in 2020 our Y11 results are more positive across all key performance indicators. For many years students at the academy have achieved positive results which have prepared them well for the next stage in their lives and we are determined that this will be the case for our current Y11 students and all those that follow.

The academy was subject to a 1 day Ofsted inspection on July 5th 2017. This concluded that this remains a good school.

Financial review

Financial position

These financial statements reflect a 12 month accounting period from 1 September 2018 to 31 August 2019. The majority of income received is obtained from the Educational Funding Agency (ESFA) in the form of recurrent General Annual Grant (GAG) funding, the use of which is restricted for the day to day running of the Academy Trust. Total grants received from the ESFA are set out in the statement of financial activities.

During the period the Academy Trust received £3,458,972 of income, of which £2,628,368 was GAG funding. Other grants and income amounted to £830,604.

Expenditure for the period totalled £3,447,761 (excluding depreciation), including £2,279,127 of staff related costs supporting the day to day running of the Academy Trust.

There was an in year surplus on restricted and unrestricted funds of £5,038.

The Local Government Pension Scheme (LGPS) liability stands at £871,000 as at 31 August 2019. The actuarial deficit at 31 August 2019 had increased by £387,000. The calculation of the asset value is provisional, and will be reviewed as part of the 2019 actuarial valuation. This is detailed in note 20 to the financial statements.

As at 31 August 2019, the net book value of fixed assets after depreciation is £2,933,322 as shown in note 13 of the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

Investment policy and objectives

Surplus funds are held in a separate 'Reserve' account. The trustees have previously considered the need for an investment policy and explored the options available. It was resolved that such a policy is not required at this time, as the Academy will not be making any investments other than the Reserve account during the foreseeable future.

**Report of the Trustees
for the Year Ended 31 August 2019**

STRATEGIC REPORT

Financial review

Reserves policy

The governors regularly review the reserve levels of the Academy. They also review the budgets and spend against them as part of the effective stewardship of the Academy.

The governors have determined that the appropriate level of free reserves should be reasonably high and therefore the academy has saved as much as possible year on year. The reason for this is to support the General Annual Grant which, based on student numbers and 'lagged funding', affected us in 2018/19 due to a small year group consisting of only 88 students leaving us in summer 2019 and being replaced by 117 students in year 7 in September. Going forward, the governors agree that the level of reserves can be reduced slightly and spending on urgent premises repairs and replacement of old equipment and services that have been unaffordable in previous years due to the impact of the 'lagged funding' can be prioritised, as student numbers start to even out.

The trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. At the year end the Academy held £2,250,300 of total reserves, made up of fixed asset reserves of £3,033,317, unrestricted reserves of £35,379, restricted reserves of £52,604 and restricted pension reserves of deficit £871,000. Of the total restricted fixed asset fund, £2,933,322 can only be realised by disposing of tangible fixed assets.

Going concern

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

Principal risks and uncertainties

The principal uncertainty for the Academy continues to be sustainability in terms of real terms shrinking budgets, increasing staff costs and the ongoing challenge to maximise intake and maintain standards across the board, whilst being funded on a 'lagged basis'. The number currently on roll is 561 (as at 19/11/18) and the fact that we are continually funded a year behind is a key issue for us, particularly in 2018/19, as we gained an additional 65 students in September 2018 and did not receive any funding for them until September 2019. In September 2019 we gained an additional 29 students and again, will not receive funding for them until September 2020, despite having to procure additional classroom space and an additional teacher. We continue to enrol the vast majority of students from our traditional partner primary schools and also from primary schools in neighbouring authorities. This is evidence that the work being done by the Primary liaison team, coupled with the investment we have made in advertising and transport, is proving very successful. The governors are aware of the need to promote the Academy and its achievements to the local and surrounding area and support the staff in the ongoing extensive work being done to facilitate this.

GCSE results in 2019 were disappointing and resulted in a Progress 8 figure of -0.28 (Provisional). There were a range of factors that contributed to this. These have been comprehensively analysed and addressed through the School Improvement Plan. We are confident that high standards will once again be achieved in 2020.

The viability of providing bus services to students from neighbouring authorities continues to prove worthwhile and we now bring in 39 students from the Goole area, 76 from the Doncaster area and 49 from out of catchment schools in North Lincolnshire. This year there was again a high number of attendees at our parents evening for parents of Y6 students in advance of their applying for places for September 2020. This again included a large number of parents of students at other schools not traditionally in our catchment area. This does, however, bring with it additional cost implications, as we have to provide additional transport for these students.

The trustees and staff are also fully committed to the Academy Vision, "to achieve excellence in all aspects of school life through high quality teaching and learning, a creative and challenging curriculum, and an ethos of support, in order to develop independent learners who are well prepared for the next stage of their lives." By promoting the Academy and its achievements through the website, local media, open evenings, taster days and road shows, the risk of a reduction in funding due to student numbers falling will be reduced.

Financial and risk management objectives and policies

The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations (SI 2008/410) Schedule 7 section 6(1) requires disclosure of the principal risks and uncertainties facing a company.

The disclosure should deal with the academy trust's exposure to a number of financial risks including credit, cash flow and liquidity risks.

The top 4 risks identified by the Risk Committee in October 2019 are:

1. Limited funding reduces the capacity to implement necessary improvement strategies (human, physical, environment)
Physical environment and resources do not meet student and staff needs
2. Standards decline due to challenges from diverse starting points of Y7 intake
3. Students across all year groups, subjects and key groups do not make the rates of progress nor attain end of course targets

The Axholme Academy

Report of the Trustees for the Year Ended 31 August 2019

STRATEGIC REPORT

Financial and risk management objectives and policies

4. Recruitment and Retention of high quality staff

Future plans

The Academy will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students continue in education, employment or training to get jobs when they leave at 16.

The key objectives for the future of the academy are represented by the Vision (see above) and the mission statement - To achieve our Vision we will:

- All share a relentless drive to improve the academy
- Have the highest expectations of all students and staff
- Ensure all students have high aspirations
- Recognise and reward success
- Deliver consistently high quality lessons which enable students to learn well
- Develop independent learning, communication, literacy and numeracy skills across all subject areas
- Provide a creative and challenging curriculum which is personalised to meet the needs of all students
- Create a variety of opportunities to promote students' spiritual, moral, social and cultural development
- Provide excellent information, advice and guidance to fully prepare students for their future education, employment and training

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of The Axholme Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Axholme Academy.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' Indemnities

The Companies Act 2006 s236 requires disclosure concerning qualifying third party indemnity provisions.

The Academy, through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its trustees.

Principal activities

The Axholme Academy's principal activities are to advance for public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. To promote for the benefit of individuals living in Crowle and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large, the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of the life of the said individuals.

The Axholme Academy

Report of the Trustees for the Year Ended 31 August 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

The Members may appoint up to 1 Trustee, save that no more than one third of the total number of individuals appointed as Trustees shall be employees of the Academy Trust (including the Principal). The Principal shall be treated for all purposes as being an ex-officio Governor. The Parent Trustees are elected by parents of registered pupils at the Academy. A Parent Trustee must be a parent or grandparent of a student at the Academy at the time when they are elected, or if not reasonably practicable, the Governing Board are able to appoint a person who is the parent of a child of compulsory school age. The Governing Board shall make all necessary arrangements for, and determine all other matters relating to, an election of Parent Trustees, including any question of whether a person is a parent or grandparent of a registered student at the Academy. Any election of Parent Trustees which is contested is held by secret ballot.

The arrangements made for the election of a Parent Trustee provide for every person who is entitled to vote in the election to have the opportunity to do so by post, or if preferred by returning their ballot paper to the Academy. Where a vacancy for a Parent Trustee is required to be filled by election, the Governing Board take reasonably practicable steps to ensure that every person known to be a parent/carer of a registered pupil at the Academy is informed of the vacancy, that it is required to be filled by the election, informed that they are entitled to stand as a candidate, vote at the election and given the opportunity to do so. The number of Parent Trustees required are made up by Parent Trustees appointed by the Governing Board if the number of parents standing for election is less than the number of vacancies.

The Governing Board make all necessary arrangements for, and determine all matters relating to, the election and removal of Staff Trustees.

Community Trustees may be appointed by the Governing Board, provided that the person appointed is a person who lives or works in the community served by the Academy, or a person who in their opinion is committed to the government and success of the Academy. An employee of the Academy may not be appointed if the number of Trustees employed by the Academy (including the Principal) would exceed one third of the total number of Trustees.

Up to 3 Co-opted Trustees may be appointed by Trustees who have not themselves been so appointed. Additional Trustees can be appointed by the Secretary of State in certain circumstances.

The quorum for the appointment of a Parent Trustee is two-thirds of the Trustees at the time entitled to vote on such matters.

**Report of the Trustees
for the Year Ended 31 August 2019**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

Organisation

The Academy has defined the responsibilities of each person involved in the administration of Academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for trustees and staff. The financial reporting structure is illustrated below:

The Governing Board

The Governing Board has overall responsibility for the administration of the Academy's finances. The main responsibilities of The Governing Board are prescribed in the Funding Agreement between the academy and the DFE and in the Academy's scheme of government. The main responsibilities include:

- ensuring that grant from the DFE is used only for the purposes intended;
- ensuring that funds from sponsors are received according to the Academy's Funding Agreement, and are used only for the purposes intended;
- ensuring that the academy adheres to the School Teachers' Pay and Conditions Document (STPCD) and its appraisal and pay policies in setting the remuneration of all teaching staff (including the members of the Senior Leadership Team). These policies are reviewed annually by the Governing Board.
- the review and approval of the annual budget;
- the regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DFE guidance issued to academies;
- authorising the expenditure over £15,000;
- authorising changes to the Academy personnel establishment;
- the annual review of the charges and concessions policy, in relation to setting charges for community use.
- annually reviewing the lettings policy outlining conditions for hiring the school premises.
- consideration on an annual basis to the provision of a Trustees' allowances policy-referring findings to the governing board.
- appointment of the Principal and
- appointment of the School Business Manager, in conjunction with the Principal.

The Governor Risk Committee

The Governor Risk Committee is a committee of The Governing Board and meets at least twice a year. The main responsibilities of the Risk Committee are detailed in written terms of reference which have been authorised by The Governing Board. The main responsibilities include:

- Critically reviewing the Academy's Risk Register, updating the risk ratings and mitigating actions, taking account of current and future challenges
- To present the top five risks to full Governing Board meeting, making the full risk register available to all Governors

The Governor Audit Committee (in conjunction with the Responsible Officer role).

The Governor Audit Committee is a committee of the Governing Board and meets at least twice a year. It does not include any staff members. The main responsibilities of The Audit Committee are detailed in the written terms of reference which have been authorised by the Governing Board. The main responsibilities include:

- Responsibility for monitoring the adequacy and effectiveness of the Academy's systems of internal control and its arrangements for risk management, control and governance processes and for securing economy, efficiency and effectiveness (value for money).
- advising the Board on the appointment, re-appointment, dismissal and remuneration of the External Auditors
- setting the scope and objectives of the work of the Responsible Officer and monitor this activity
- monitoring the Academy's risk management plan and advising the Board on its adequacy and effectiveness
- monitoring and advising the Board on any alleged fraud and irregularity in the Academy's financial and other control systems and ensuring that all allegations of fraud and irregularity are properly followed up.

The Principal

Within the framework of the Academy development plan as approved by The Governing Board the Principal has overall executive responsibility for the academy's activities including financial activities. Much of the financial responsibility has been delegated to the School Business Manager but the Principal still retains responsibility for (and in their absence the Vice Principal):

- approving new staff appointments within the authorised establishment, except for any senior staff posts which The Governing Board have agreed should be approved by them;
- authorising expenditure up to £15,000 including VAT in conjunction with the School Business Manager.
- signing cheques in conjunction with the School Business Manager (or other authorised signatories if the Principal were not to be available).

The School Business Manager

The School Business Manager works in close collaboration with the Principal through whom he or she is responsible to the trustees. The School Business Manager also had direct access to the trustees via The Governing Board. The main responsibilities of the School Business Manager are:

The Axholme Academy
Report of the Trustees
for the Year Ended 31 August 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy;
- the preparation of monthly management accounts;
- signing cheques in conjunction with the Principal (or other authorised signatories if the Principal were not to be available)
- ensuring forms and returns are sent to the DFE in line with the timetable in the DFE guidance.

The Responsible Officer

The Responsible Officer (RO) is appointed by The Governing Board and provides trustees with an independent oversight of the Academy's financial affairs, carrying out the internal audit function. The main duties of the RO are to provide The Governing Board with independent assurance that:

- the financial responsibilities of The Governing Board are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained and
- financial considerations are fully taken into account in reaching decisions.

The Responsible Officer will undertake a quarterly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by The Governing Board. A report of the findings from each visit will be presented to the Full Governing Board. The scope and objectives of the work for the coming year is set in conjunction with the Audit Committee at the start of each year.

Other Staff

Other members of staff, primarily the School Business Manager, the Finance Officer and budget holders, will have some financial responsibilities and these are detailed in the Academy Finance Procedures. All staff are responsible for the security of Academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Academy's financial procedures.

Register of Interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Academy trustees and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the Academy may purchase goods or services. The register is open to public inspection.

The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the Academy. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a trustee or a member of staff by that person.

The existence of a register of business interests does not, of course, detract from the duties of trustees and staff to declare interests whenever they are relevant to matters being discussed by The Governing Board or a committee. Where an interest has been declared, trustees and staff should not attend that part of any committee or other meeting.

Risk Management

The trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Academy has produced a Risk Register which is reviewed annually as a minimum by the Academy's Risk Committee, the members of which are The Principal, School Business Manager and two Trustees. The major risks identified by the committee are reviewed and systems/procedures put in place to minimize these. The top 5 risks are reported to the Governing Board and the full Risk Register is made available to all trustees. Where significant risk remains, adequate insurance cover is in place. The Academy has an effective system of internal financial controls and these are checked and reviewed four times during the year by the Responsible Officer.

Induction and training of new trustees

New Trustees are inducted by the Chair and encouraged to access Governor training opportunities provided by North Lincolnshire Council through the purchase of a Service Level Agreement.

The Axholme Academy

Report of the Trustees for the Year Ended 31 August 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT

Connected Organisations including Related Party Relationships

1. NLEC (Northern Lincolnshire Education Consortium)

The NLEC comprises 4 secondary schools and 2 post 16 providers -

The Axholme Academy
Frederick Gough School
St Bede's Catholic Voluntary Academy
Huntcliff School
John Leggott 6th Form College
North Lindsey College.

2. Axholme North Collaborative Trust

The trust comprises -

The Axholme Academy
Crowle Primary Academy
Althorpe & Keadby Primary School
Eastoft C of E Primary School
St Norbert's Catholic Primary Voluntary Academy
Luddington & Garthorpe Primary School.

The Headteachers/Principals meet termly to plan collaborative activities such as Curriculum Development, a joint Newspaper, Sports events.

3. Axholme North Governor Network

The Governing Body are active members of this network. Termly meetings are held where the key aim is to provide governor-led support to drive school improvement. Membership of this group has been widened this year to include schools on the south of the Isle of Axholme as well as the founder members of North Axholme. The network has been renamed to reflect this.

Risk management

The trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Academy has produced a Risk Register which is reviewed annually as a minimum by the Academy's Risk Committee, the members of which are The Principal, School Business Manager and two Trustees. The major risks identified by the committee are reviewed and systems/procedures put in place to minimize these. The top 5 risks are reported to the Governing Board and the full Risk Register is made available to all trustees. Where significant risk remains, adequate insurance cover is in place. The Academy has an effective system of internal financial controls and these are checked and reviewed four times during the year by the Responsible Officer.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, Forrester Boyd Chartered Accountants, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating the directors' report and a strategic report, approved by order of the board of trustees, as the company directors, on 9 December 2019 and signed on its behalf by:

D M A Da Costa - Trustee



The Axholme Academy
Governance Statement
for the Year Ended 31 August 2019

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that The Axholme Academy Trust 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 board has delegated the day-to-day responsibility to the principal, 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 Axholme Academy and the Secretary of State for Education. They are also responsible for reporting to the governing Board any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Report of the Trustees and in the Statement of Trustees Responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
D M A Da Costa (Chair of Trustees)	6	6
C Burke	0	6
N Harrison	5	6
I Hamilton	3	6
K Reich	6	6
J Sellars (principal and accounting officer)	6	6
N Shaw	6	6
D Southam (RO)	0	6
S Spence-Hill	5	6
K Wallwork	4	6
G Wright (staff trustee)	3	3

C Burke and D Southam under the specific roles of Governor Behaviour Panel and Responsible Officer respectively, and are not required to attend the full Governing Board meetings. G Wright's term of office ended Feb 2018.

The Governing Board is composed of a diverse group of Governors who collectively have all the required skills and experience to effectively meet the strategic role and responsibilities of governance, as evidenced by the Skills Audit. The Board are active members of the National Governance Association and recognise the NGA's fourth core function of 'ensuring decisions take into account the views and experiences of stakeholders (pupils, parents, staff and the community).

The Risk and Audit committee has formally met 2 times during the year and attendance was as follows:

Trustees	Meetings attended	Out of a possible
Dawn Da Costa	2	2
Nichola Shaw	2	2
Dean Southam	2	2

A strategic planning cycle approach is adopted, based on the National Governance Association 'Being Strategic' and has contributed to a 'holding the Academy to account' culture. A strategic planning meeting takes place at the start of the year to review the vision and values and confirm the Academy Improvement Priorities. This meeting also includes a review of Governance using the '20 Questions' framework. Governors are allocated to improvement priorities (Link Governor Structure) and conduct termly school visits, feeding back to the Governing Board meetings using a visit report template. Allocations are based on Governor skills and preferences to ensure best use is made of this valuable volunteer resource.

Meeting agendas are aligned to the strategic planning cycle whereby an annual workplan at the start of the year and a calendar of key events/activities is maintained throughout the year.

The Governors' Behaviour Panel meets half termly (as needed) and behavioural triggers were reviewed and enhanced. Children and their parents are invited to discuss the behaviour issues and agree actions to be taken to address specific issues. Subsequent positive behaviours are acknowledged by the Governors. The Panel recognise the inclusive ethos of the Academy and the extensive support that is provided to support all the children.

Overall governance is strong however the Governing Board continues to review and improve through engagement in training/conference activities, being an active member of the Axholme Governor Network and identifying good practice from a range of external sources including the National Governance Association. The Chair is well regarded across the local authority and has taken part in peer review exercises and supported new and developing Chairs. She was nominated by the NGA to attend the Royal Garden Party in recognition of her services to governance.

The Axholme Academy
Governance Statement
for the Year Ended 31 August 2019

The Sports Centre build on the Academy's site has created a number of issues that in the main the Business Manager has been able to resolve by building strong working relationships with the on-site contractor and the Local Authority. The Governing Board supported the Academy to resolve a number of specific issues and was delighted to see the facilities open fully in Jan 2019. The Academy has made great use of the facilities to enhance the sporting opportunities including team sports.

Review of Value for Money

As accounting officer, the Principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider social 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 each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Adapting and refurbishing a number of rooms and the procurement of an additional classroom to increase capacity and enable us to accommodate the significant increase in student numbers in September 2019.
- By exercising extremely tight financial control this year, the academy carried forward a higher than forecast positive revenue balance the 2018/19 year end, despite the negative impacts across the board of lagged funding.
- A successful bid to the local authority for additional capital funding to provide improved changing facilities for SEND students.
- As well as benefitting from a refurbished sports hall, new tennis courts and daily access to a 9v9 all weather sports facility as part of the new Leisure Centre Development, the academy has also received assistance with improved pathways around the site, additional fencing and excellent new facilities for our students to access the Leisure Centre opened in January 2019.

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the charitable company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the charitable company's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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

The Governing Board considered the need for a specific internal audit function and decided not to appoint an internal auditor, however the trustees appointed D Southam, a trustee, as responsible officer (RO) during 2014.

The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. Both trustees appointed are confident and experienced in the requirements and responsibilities of the role.

The RO has visited three times during the year and reported to the governing Board on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. In particular, checks carried out in the current period included:

- review of income

The Axholme Academy
Governance Statement
for the Year Ended 31 August 2019

The Risk and Control Framework

- review of transport payments
- review of fixed assets

For 2019-20, the checks to be carried out by the RO will be agreed by the audit committee at the start of the academic year.

Review of Effectiveness

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

- the work of the responsible officer;
- the work of the external auditor;
- the work of the managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 9 December 2019 and signed on its behalf by:



D M A Da Costa - Trustee



D Keogh - Accounting Officer

The Axholme Academy

**Statement on Regularity, Propriety and Compliance
for the Year Ended 31 August 2019**

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

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

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



D Keogh - Accounting Officer

9 December 2019

**Statement of Trustees Responsibilities
for the Year Ended 31 August 2019**

The trustees (who act as governors of The Axholme Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Academies Accounts Direction issued by the Education and Skills Funding Agency, 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" and applicable law and regulations.

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

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

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

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

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

Report of the trustees, incorporating the directors' report and a strategic report, approved by order of the board of trustees, as the company directors, on 9 December 2019 and signed on its behalf by:

D M A Da Costa - Trustee



Report of the Independent Auditors to the Members of The Axholme Academy

Opinion

We have audited the financial statements of The Axholme Academy (the 'academy trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, incorporating income and expenditure accounts, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland';
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the charities SORP 2015 and Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon. Other information includes the trustees report (incorporating the Strategic Report and Directors' Report), the governance statement and the Accounting Officer's 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.

Opinions 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 Report of the Trustees (incorporating the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors Report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

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

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

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

Report of the Independent Auditors to the Members of The Axholme Academy

Responsibilities of trustees

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

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

Our responsibilities for the audit of the financial statements

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

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

Use of our report

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



Carrie Anne Jensen ACA (Senior Statutory Auditor)
for and on behalf of Forrester Boyd
Statutory Auditors
Chartered Accountants
66-68 Oswald Road
Scunthorpe
North Lincolnshire
DN15 7PG

9 December 2019

Independent Reporting Accountant's Assurance Report on Regularity to The Axholme Academy and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 9 October 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Axholme Academy during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Axholme Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Axholme Academy's funding agreement with the Secretary of State for Education dated 21 December 2011 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Evaluating the systems and control environment;
- Assessing the risk of irregularity, impropriety and non-compliance;
- Confirming that the activities of the Academy Trust are in keeping with the Academy's framework and the charitable objectives;
- Obtaining representations from the Accounting Officer and Key Management personnel.

Conclusion

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



Carrie Anne Jensen ACA, Reporting Accountant
Forrester Boyd
Chartered Accountants
66-68 Oswald Road
Scunthorpe
North Lincolnshire
DN15 7PG

9 December 2019

The Axholme Academy

Statement of Financial Activities
for the Year Ended 31 August 2019

				2019	2018
	Notes	Unrestricted fund £	Restricted funds £	Restricted Fixed Asset Fund £	Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and capital grants	2	81,959	-	505,447	587,406
Charitable activities					
Funding for the academy's educational operations	3	-	2,838,880	-	2,838,880
Other trading activities	4	10,980	-	-	10,980
Investment income	5	192	-	-	192
Other income		21,514	-	-	21,514
Total		114,645	2,838,880	505,447	3,458,972
EXPENDITURE ON					
Raising funds	7	24,782	-	-	24,782
Charitable activities					
Academy's educational operations		81,991	2,926,714	488,896	3,497,601
Total	6	106,773	2,926,714	488,896	3,522,383
NET INCOME/(EXPENDITURE)		7,872	(87,834)	16,551	(63,411)
Other recognised gains/(losses)					
Actuarial gains/losses on defined benefit schemes		-	(302,000)	-	(302,000)
Net movement in funds		7,872	(389,834)	16,551	(365,411)
RECONCILIATION OF FUNDS					
Total funds brought forward		27,507	(428,562)	3,016,766	2,615,711
TOTAL FUNDS CARRIED FORWARD		35,379	(818,396)	3,033,317	2,250,300

The notes form part of these financial statements

The Axholme Academy

Balance Sheet
At 31 August 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible assets	13	2,933,322	2,990,515
CURRENT ASSETS			
Debtors	14	525,654	54,087
Cash at bank and in hand		210,265	158,185
		<u>735,919</u>	<u>212,272</u>
CREDITORS			
Amounts falling due within one year	15	(547,941)	(103,076)
NET CURRENT ASSETS		<u>187,978</u>	<u>109,196</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,121,300	3,099,711
PENSION LIABILITY	20	(871,000)	(484,000)
NET ASSETS		<u><u>2,250,300</u></u>	<u><u>2,615,711</u></u>
FUNDS	19		
Unrestricted funds:			
Unrestricted General Fund		35,379	27,507
Restricted funds:			
General Annual Grant (GAG)		52,604	55,438
Restricted Fixed Asset Fund		3,033,317	3,016,766
Restricted Pension Fund		(871,000)	(484,000)
		<u>2,214,921</u>	<u>2,588,204</u>
TOTAL FUNDS		<u><u>2,250,300</u></u>	<u><u>2,615,711</u></u>

The financial statements were approved by the Board of Trustees on 9 December 2019 and were signed on its behalf by:



D M A Da Costa -Trustee

The Axholme Academy

**Cash Flow Statement
for the Year Ended 31 August 2019**

	Notes	2019 £	2018 £
Cash flows from operating activities:			
Cash generated from operations	1	(436,130)	8,883
Net cash provided by (used in) operating activities		<u>(436,130)</u>	<u>8,883</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(17,429)	(1,651)
Capital grants from DfE/ESFA		505,447	11,678
Sale of tangible fixed assets		-	5,000
Interest received		192	45
Net cash provided by (used in) investing activities		<u>488,210</u>	<u>15,072</u>
Change in cash and cash equivalents in the reporting period		<u>52,080</u>	<u>23,955</u>
Cash and cash equivalents at the beginning of the reporting period		<u>158,185</u>	<u>134,230</u>
Cash and cash equivalents at the end of the reporting period		<u><u>210,265</u></u>	<u><u>158,185</u></u>

The notes form part of these financial statements

The Axholme Academy

Notes to the Cash Flow Statement
for the Year Ended 31 August 2019

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES		
	2019 £	2018 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(63,411)	(82,558)
Adjustments for:		
Depreciation	74,622	75,592
Capital grants from DfE/ESFA	(505,447)	(11,678)
Profit on disposal of fixed assets	-	(2,652)
Interest received	(192)	(45)
Increase in debtors	(471,567)	(18,943)
Increase/(decrease) in creditors	444,865	(22,833)
Difference between pension charge and cash contributions	85,000	72,000
Net cash provided by (used in) operating activities	<u>(436,130)</u>	<u>8,883</u>

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

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2018 to 2019 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Axholme Academy meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling and are rounded to the nearest pound.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Grants

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

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

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

Sponsorship income

Sponsorship income provided to the charity which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Other income

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

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

1. ACCOUNTING POLICIES - continued

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

All resources expended are inclusive of irrecoverable VAT.

Raising funds

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

Charitable activities

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

Governance costs

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustee's meetings and reimbursed expenses.

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 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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful life, per the table below.

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

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

Asset Class

Amortisation method and rate

Leasehold land	125 years straight line
Leasehold buildings	50 years straight line
Motor vehicles	25% reducing balance
Plant and machinery	15% reducing balance
Computer equipment	15% reducing balance

Financial instruments

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

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

1. ACCOUNTING POLICIES - continued

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

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

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

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

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The Axholme Academy

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

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £	Restricted funds £	2019 Total funds £	2018 Total funds £
Donations	420	-	420	1,392
Capital grants	-	505,447	505,447	11,678
Educational trips and visits	81,539	-	81,539	81,883
	<u>81,959</u>	<u>505,447</u>	<u>587,406</u>	<u>94,953</u>

All Capital grants were received through the Restricted Fixed Asset Fund.

Grants received, included in the above, are as follows:

	2019 £	2018 £
Devolved Capital Grant	37,650	11,678
Condition Improvement Fund	467,797	-
	<u>505,447</u>	<u>11,678</u>

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	2019 Total funds £	2018 Total funds £
DfE/ESFA revenue grant				
General Annual Grant(GAG)	-	2,655,124	2,655,124	2,323,727
Pupil Premium	-	132,615	132,615	174,136
	<u>-</u>	<u>2,787,739</u>	<u>2,787,739</u>	<u>2,497,863</u>
Other government grant				
Special Education Needs	-	22,920	22,920	31,164
Local authority grants	-	27,152	27,152	10,514
Axholme North Collaborative Trust	-	1,069	1,069	850
	<u>-</u>	<u>51,141</u>	<u>51,141</u>	<u>42,528</u>
	<u>-</u>	<u>2,838,880</u>	<u>2,838,880</u>	<u>2,540,391</u>

4. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	2019 Total funds £	2018 Total funds £
Hire of facilities	1,034	-	1,034	2,798
Music tuition	726	-	726	1,313
Hire of staff	9,220	-	9,220	6,629
	<u>10,980</u>	<u>-</u>	<u>10,980</u>	<u>10,740</u>

The Axholme Academy

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

5. INVESTMENT INCOME

	Unrestricted funds	Restricted funds	2019 Total funds	2018 Total funds
	£	£	£	£
Deposit account interest	192	-	192	45

6. EXPENDITURE

	Staff costs	Non-pay expenditure		2019	2018
	£	Premises	Other costs	Total	Total
	£	£	£	£	£
Raising funds					
Costs of fundraising					
Direct costs	-	-	9,505	9,505	12,849
Costs incurred by trading for a fundraising purpose					
Direct costs	-	-	15,277	15,277	1,670
Charitable activities					
Academies educational operations					
Direct costs	1,926,651	-	138,577	2,065,228	1,894,224
Allocated support costs	352,476	691,437	388,460	1,432,373	842,332
	<u>2,279,127</u>	<u>691,437</u>	<u>551,819</u>	<u>3,522,383</u>	<u>2,751,075</u>

Net income/(expenditure) is stated after charging/(crediting):

	2019	2018
	£	£
Auditors' remuneration	5,000	5,000
Auditors' remuneration for non audit work	2,620	2,170
Depreciation - owned assets	74,622	75,592
Other operating leases	7,983	6,423
Surplus on disposal of fixed asset	-	(2,652)

7. RAISING FUNDS

Costs of fundraising

	Unrestricted funds	Restricted funds	2019 Total funds	2018 Total funds
	£	£	£	£
Academy trips	9,505	-	9,505	12,849

The Axholme Academy

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

7. RAISING FUNDS - continued

Costs incurred by trading for a fundraising purpose

	Unrestricted funds £	Restricted funds £	2019 Total funds £	2018 Total funds £
Hire of facilities	13,693	-	13,693	500
Music tuition	1,584	-	1,584	1,170
	<u>15,277</u>	<u>-</u>	<u>15,277</u>	<u>1,670</u>
Aggregate amounts	<u>24,782</u>	<u>-</u>	<u>24,782</u>	<u>14,519</u>

8. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	2019 Total funds £	2018 Total funds £
Direct costs	-	2,065,228	2,065,228	1,894,224
Support costs	81,991	1,350,382	1,432,373	842,332
	<u>81,991</u>	<u>3,415,610</u>	<u>3,497,601</u>	<u>2,736,556</u>

	2019 Total £	2018 Total £
Analysis of support costs		
Support staff costs	352,476	302,965
Depreciation	11,966	10,284
Technology costs	29,721	29,762
Premises costs	691,437	223,885
Other support costs	313,409	247,503
Governance costs	33,364	27,933
Total support costs	<u>1,432,373</u>	<u>842,332</u>

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

9. TRUSTEES' REMUNERATION AND BENEFITS

Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy in respect of their roles as trustees. The value of trustees' remuneration and other benefits was as follows:

J Sellars	(Headteacher and Trustee): Remuneration £80,000 - £85,000 (2018: £80,000 - £85,000) Employer's pension contributions £10,000 - £15,000 (2018: £10,000 - £15,000)
C L Carter	(Staff Trustee): Remuneration £nil (2018: £40,000 - £45,000) Employer's pension contributions £nil (2018: £5,000 - £10,000)
G Dodge (Wright)	(Staff Trustee): Remuneration £30,000 - £35,000 (2018: £30,000 - £35,000) Employer's pension contributions £5,000 - 10,000 (2018: £0 - £5,000)

Trustees' expenses

During the period ended 31 August 2019, travel and subsistence expenses totalling £222 were reimbursed directly to 1 trustee (2018: £531 to 2 trustees).

10. STAFF COSTS

	2019 £	2018 £
Wages and salaries	1,734,326	1,602,917
Social security costs	167,783	152,992
Operating costs of defined benefit pension schemes	374,758	343,789
	<u>2,276,867</u>	<u>2,099,698</u>
Supply teacher costs	2,260	745
	<u>2,279,127</u>	<u>2,100,443</u>

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

	2019	2018
Teachers	30	31
Administration and support	24	24
Management	4	4
	<u>58</u>	<u>59</u>

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

	2019	2018
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
£80,001 - £90,000	1	1
	<u>2</u>	<u>2</u>

The key management personnel of the academy trust comprises the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £396,089 (2018: £384,406).

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

11. TRUSTEES' AND OFFICERS' INSURANCE

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

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Restricted Fixed Asset Fund £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	83,275	-	11,678	94,953
Charitable activities				
Funding for the academy's educational operations	-	2,540,391	-	2,540,391
Other trading activities	10,740	-	-	10,740
Investment income	45	-	-	45
Other income	22,388	-	-	22,388
Total	116,448	2,540,391	11,678	2,668,517
EXPENDITURE ON				
Raising funds	14,519	-	-	14,519
Charitable activities				
Academy's educational operations	87,459	2,576,157	72,940	2,736,556
Total	101,978	2,576,157	72,940	2,751,075
NET INCOME/(EXPENDITURE)	14,470	(35,766)	(61,262)	(82,558)
Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit schemes	-	155,000	-	155,000
Net movement in funds	14,470	119,234	(61,262)	72,442
RECONCILIATION OF FUNDS				
Total funds brought forward	13,037	(547,796)	3,078,028	2,543,269
TOTAL FUNDS CARRIED FORWARD	27,507	(428,562)	3,016,766	2,615,711

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

13. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Computer equipment £	Totals £
COST				
At 1 September 2018	3,291,897	119,341	32,006	3,443,244
Additions	-	8,997	8,432	17,429
At 31 August 2019	<u>3,291,897</u>	<u>128,338</u>	<u>40,438</u>	<u>3,460,673</u>
DEPRECIATION				
At 1 September 2018	371,448	65,738	15,543	452,729
Charge for year	62,656	9,391	2,575	74,622
At 31 August 2019	<u>434,104</u>	<u>75,129</u>	<u>18,118</u>	<u>527,351</u>
NET BOOK VALUE				
At 31 August 2019	<u>2,857,793</u>	<u>53,209</u>	<u>22,320</u>	<u>2,933,322</u>
At 31 August 2018	<u>2,920,449</u>	<u>53,603</u>	<u>16,463</u>	<u>2,990,515</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade debtors	2,893	50
Other debtors	-	11,320
VAT	24,680	8,269
Prepayments and accrued income	498,081	34,448
	<u>525,654</u>	<u>54,087</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade creditors	44,067	-
Social security and other taxes	84,647	73,838
Other creditors	-	20,564
Accruals and deferred income	390,937	8,674
Accrued expenses	28,290	-
	<u>547,941</u>	<u>103,076</u>
Deferred income		
	2019 £	2018 £
Opening	1,097	32,330
Amounts released from previous years	(1,097)	(32,330)
Resources deferred in the year	-	1,097
Deferred income at 31 August	<u>-</u>	<u>1,097</u>

Deferred income represents monies collected that relate to activities due to take place in the next financial year.

The Axholme Academy

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

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019 £	2018 £
Within one year	8,180	9,816
Between one and five years	-	8,180
	<u>8,180</u>	<u>17,996</u>

17. 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.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund £	Restricted funds £	Restricted Fixed Asset Fund £	2019 Total funds £
Fixed assets	-	-	2,933,322	2,933,322
Current assets	35,379	215,948	484,592	735,919
Current liabilities	-	(163,344)	(384,597)	(547,941)
Pension liability	-	(871,000)	-	(871,000)
	<u>35,379</u>	<u>(818,396)</u>	<u>3,033,317</u>	<u>2,250,300</u>

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

	Unrestricted fund £	Restricted funds £	Restricted Fixed Asset Fund £	2018 Total funds £
Fixed assets	-	-	2,990,515	2,990,515
Current assets	35,207	150,814	26,251	212,272
Current liabilities	(7,700)	(95,376)	-	(103,076)
Pension liability	-	(484,000)	-	(484,000)
	<u>27,507</u>	<u>(428,562)</u>	<u>3,016,766</u>	<u>2,615,711</u>

The Axholme Academy

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

19. MOVEMENT IN FUNDS

	At 1.9.18 £	Net movement in funds £	At 31.8.19 £
Unrestricted funds			
Unrestricted General Fund	27,507	7,872	35,379
Restricted funds			
General Annual Grant (GAG)	55,438	(2,834)	52,604
Restricted Fixed Asset Fund	3,016,766	16,551	3,033,317
Restricted Pension Fund	(484,000)	(387,000)	(871,000)
	<u>2,588,204</u>	<u>(373,283)</u>	<u>2,214,921</u>
TOTAL FUNDS	<u>2,615,711</u>	<u>(365,411)</u>	<u>2,250,300</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
Unrestricted General Fund	114,645	(106,773)	-	7,872
Restricted funds				
General Annual Grant (GAG)	2,655,124	(2,657,958)	-	(2,834)
Restricted Fixed Asset Fund	505,447	(488,896)	-	16,551
Pupil Premium	143,171	(143,171)	-	-
Other grants	40,585	(40,585)	-	-
Restricted Pension Fund	-	(85,000)	(302,000)	(387,000)
	<u>3,344,327</u>	<u>(3,415,610)</u>	<u>(302,000)</u>	<u>(373,283)</u>
TOTAL FUNDS	<u>3,458,972</u>	<u>(3,522,383)</u>	<u>(302,000)</u>	<u>(365,411)</u>

Comparatives for movement in funds

	At 1.9.17 £	Net movement in funds £	At 31.8.18 £
Unrestricted Funds			
Unrestricted General Fund	13,037	14,470	27,507
Restricted Funds			
General Annual Grant (GAG)	19,204	36,234	55,438
Restricted Fixed Asset Fund	3,078,028	(61,262)	3,016,766
Restricted Pension Fund	(567,000)	83,000	(484,000)
	<u>2,530,232</u>	<u>57,972</u>	<u>2,588,204</u>
TOTAL FUNDS	<u>2,543,269</u>	<u>72,442</u>	<u>2,615,711</u>

The Axholme Academy

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

19. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
Unrestricted General Fund	116,448	(101,978)	-	14,470
Restricted funds				
General Annual Grant (GAG)	2,323,727	(2,287,493)	-	36,234
Restricted Fixed Asset Fund	11,678	(72,940)	-	(61,262)
Pupil Premium	184,650	(184,650)	-	-
Other grants	32,014	(32,014)	-	-
Restricted Pension Fund	-	(72,000)	155,000	83,000
	<u>2,552,069</u>	<u>(2,649,097)</u>	<u>155,000</u>	<u>57,972</u>
TOTAL FUNDS	<u><u>2,668,517</u></u>	<u><u>(2,751,075)</u></u>	<u><u>155,000</u></u>	<u><u>72,442</u></u>

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

Restricted general funds have been spent with the terms of the Master Funding Agreement.

Restricted fixed asset funds are used solely for capital purchases in line with the strategic objectives of The Axholme Academy.

The restricted pension fund is in deficit to the value of £871,000 as at 31 August 2019, which is in excess of the unrestricted funds. However this deficit had been inherited upon conversion to Academy status. The governors will continue to monitor this situation closely.

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

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

20. PENSION AND SIMILAR OBLIGATIONS

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

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

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

Teachers' Pension Scheme

Introduction

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

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving notional past service deficit of £22,000 million
- the assumed real rate of return is 2.8% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%

The employer pension costs paid to TPS in the period amounted to £215,542 (2018: £199,947).

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website.

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

Scheme Changes

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2019**

20. PENSION AND SIMILAR OBLIGATIONS
- continued

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 August 2019 was £112,000 (2018: £100,000) of which employer's contributions totalled £89,000 (2018: £81,000) and employees' contributions totalled £23,000 (2018: £19,000). The agreed contribution rates for future years are 13.7 per cent for employers and 5.5-9.9 per cent 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.

Local government pension scheme

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Present value of funded obligations	(2,028,000)	(1,502,000)
Fair value of plan assets	1,157,000	1,018,000
	<u>(871,000)</u>	<u>(484,000)</u>
Deficit	<u>(871,000)</u>	<u>(484,000)</u>
Liability	<u><u>(871,000)</u></u>	<u><u>(484,000)</u></u>

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Current service cost	155,000	138,000
Net interest from net defined benefit asset/liability	14,000	15,000
Past service cost	5,000	-
	<u>174,000</u>	<u>153,000</u>
Actual return on plan assets	<u><u>47,000</u></u>	<u><u>62,000</u></u>

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

20. PENSION AND SIMILAR OBLIGATIONS
- continued

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Defined benefit obligation	1,502,000	1,445,000
Current service cost	155,000	138,000
Past service cost	5,000	-
Contributions by scheme participants	23,000	19,000
Interest cost	44,000	38,000
Benefits paid	(20,000)	(22,000)
Oblig other remeasurement	319,000	(116,000)
	<u>2,028,000</u>	<u>1,502,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Fair value of scheme assets	998,000	856,000
Interest income	30,000	23,000
Contributions by employer	89,000	81,000
Contributions by scheme participants	23,000	19,000
Assets other remeasurement	17,000	39,000
	<u>1,157,000</u>	<u>1,018,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Oblig other remeasurement	(319,000)	116,000
Assets other remeasurement	17,000	39,000
	<u>(302,000)</u>	<u>155,000</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	2019	2018
Equities	71%	72%
Bonds	15%	13%
Property	11%	12%
Cash	3%	3%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2019	2018
Discount rate	1.8%	2.8%
Future salary increases	2.5%	2.6%
Future pension increases	2.3%	2.4%

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

Adjustment to discount rate	+0.5%	0.0%	-0.5%
	£	£	£

The Axholme Academy

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

20. PENSION AND SIMILAR OBLIGATIONS
- continued

Present value of total obligation	-	-	272,000
Adjustment to rate of salary growth	+0.5%	0.0%	-0.5%
	£	£	£
Present value of total obligation	29,000	-	-
Adjustment to rate of pension growth	+1 year	None	-1 year
	£	£	£
Present value of total obligation	238,000	-	-

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

	31 August 2019	31 August 2018
Retiring today		
Males retiring today	20.80	21.70
Females retiring today	23.30	24.20
Retiring in 20 years		
Males retiring in 20 years	22.00	23.70
Females retiring in 20 years	24.90	26.40

21. RELATED PARTY DISCLOSURES

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Fund Account - an account external to the financial statements for academy trips:

- The Axholme Academy invoiced the fund account a total amount of £1,274 (2018: £9,018) in order to reimburse academy trip purchases they had made on behalf of the fund account.
The amount due from the fund account as at 31 August 2019 was £1,324 (2018: £50).

In entering into the above transactions The Axholme Academy has complied with the requirements of ESFA's Academies Financial Handbook.

The Axholme Academy

Detailed Statement of Financial Activities
for the Year Ended 31 August 2019

	Unrestricted funds £	Restricted funds £	2019 Total funds £	2018 Total funds £
INCOME AND ENDOWMENTS				
Donations and capital grants				
Donations	420	-	420	1,392
Capital grants	-	505,447	505,447	11,678
Educational trips and visits	81,539	-	81,539	81,883
	<u>81,959</u>	<u>505,447</u>	<u>587,406</u>	<u>94,953</u>
Other trading activities				
Hire of facilities	1,034	-	1,034	2,798
Music tuition	726	-	726	1,313
Hire of staff	9,220	-	9,220	6,629
	<u>10,980</u>	<u>-</u>	<u>10,980</u>	<u>10,740</u>
Investment income				
Deposit account interest	192	-	192	45
Charitable activities				
Grants	-	2,838,880	2,838,880	2,540,391
Other income				
Sundry income	21,514	-	21,514	22,388
Total incoming resources	<u>114,645</u>	<u>3,344,327</u>	<u>3,458,972</u>	<u>2,668,517</u>
EXPENDITURE				
Costs of fundraising				
Academy trips	9,505	-	9,505	12,849
Costs incurred by trading for a fundraising purpose				
Hire of facilities	13,693	-	13,693	500
Music tuition	1,584	-	1,584	1,170
	<u>15,277</u>	<u>-</u>	<u>15,277</u>	<u>1,670</u>
Charitable activities				
Wages	-	1,511,517	1,511,517	1,411,252
Social security	-	153,745	153,745	141,816
Pensions	-	261,389	261,389	244,410
Educational supplies	-	75,079	75,079	51,951
Examination fees	-	40,139	40,139	32,839
Staff development	-	3,439	3,439	4,892
Educational consultancy	-	19,920	19,920	7,064
	<u>-</u>	<u>2,065,228</u>	<u>2,065,228</u>	<u>1,894,224</u>
Support costs				
Management				
Wages	-	222,809	222,809	191,665
Social security	-	14,038	14,038	11,176
Pensions	-	113,369	113,369	99,379
Carried forward	-	350,216	350,216	302,220

This page does not form part of the statutory financial statements

The Axholme Academy

Detailed Statement of Financial Activities
for the Year Ended 31 August 2019

	Unrestricted funds £	Restricted funds £	2019 Total funds £	2018 Total funds £
Management				
Brought forward	-	350,216	350,216	302,220
Supply teacher costs	-	2,260	2,260	745
Other operating leases	-	7,983	7,983	6,423
Technology costs	-	29,721	29,721	29,762
Recruitment and support	-	75,902	75,902	30,976
Maintenance of premises and equipment	452	470,270	470,722	23,181
Cleaning	-	60,826	60,826	60,668
Rent and rates	-	19,875	19,875	12,636
Energy costs	-	50,975	50,975	40,052
Insurance	-	26,383	26,383	24,692
Security and transport	81,539	41,896	123,435	107,128
Catering	-	61,591	61,591	52,984
Interest on pension scheme liabilities	-	14,000	14,000	15,000
Other support costs	-	30,498	30,498	34,992
	81,991	1,242,396	1,324,387	741,459
Other				
Long leasehold	-	62,656	62,656	62,656
Plant and machinery	-	9,391	9,391	9,461
Motor vehicles	-	-	-	618
Computer equipment	-	2,575	2,575	2,857
Loss on sale of tangible fixed assets	-	-	-	(2,652)
	-	74,622	74,622	72,940
Governance costs				
Other costs	-	25,744	25,744	20,763
Auditors' remuneration	-	5,000	5,000	5,000
Auditors' remuneration for non audit work	-	2,620	2,620	2,170
	-	33,364	33,364	27,933
Total resources expended	106,773	3,415,610	3,522,383	2,751,075
Net expenditure	7,872	(71,283)	(63,411)	(82,558)

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