

STANBOROUGH SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

STANBOROUGH SCHOOL

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STANBOROUGH SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mr N M Hounsom Mr P Miles Mrs N M Hastings (Resigned 29 January 2019) Mrs J Gaydon Mrs M M John Mr A Beale
Trustees	Mrs S J Persaud (resigned 7 October 2019) Mrs E Fisher Ms S Halliday Mr J Earnshaw (resigned 7 October 2019) Mrs K Heath Mr G Persaud (appointed 4 March 2019) Mrs S P Jennings (removed 13 May 2019) Mr J J Smith (resigned 19 July 2019) Mr A Beale, Vice Chair Mr M W Buckley (term ended 10 December 2018) Mrs M M John, Head Teacher, Accounting Officer Mrs E A Richards (resigned 1 November 2019) Mrs J Adams Ms S Pryor (appointed 4 March 2019) Mrs M Western Mrs M L Ridgeon Mr N M Hounsom, Chair Mrs J Gaydon, Vice Chair Mr P Miles Mr E J Walsby (term ended 28 September 2018) Mrs N M Hastings, Vice Chair (resigned 29 January 2019) Mr S D Williams Ms J Cranham (appointed 1 September 2019) Mr J Hickey (appointed 1 September 2019) Ms E Perrott (appointed 1 September 2019) Mr G Mossman (appointed 6 November 2019) Mr A Wadley (appointed 6 November 2019) Mr L Hirani (appointed 6 November 2019)
Company registered number	07900439
Company name	Stanborough School
Registered and principal office	Lemsford Lane Welwyn Garden City Hertfordshire AL8 6YR
Company Secretary	Mrs S Welch
Chief Executive Officer	Mrs M M John

STANBOROUGH SCHOOL

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

Senior Leadership Team

Merry John, Headteacher
Tim Braybrook, Deputy Headteacher
Bryan Mason, Deputy Headteacher (resigned 7 June 2019)
Karen Ashley, School Business Manager
Daria Kohls, Deputy Headteacher (appointed 17 June 2019)
Ellen Daplyn, Assistant Headteacher
Adam Green, Assistant Headteacher
Sharon Humphries, Assistant Headteacher
Jessica Vlijter, Assistant Headteacher

Independent Auditor

Price Bailey LLP
Chartered Accountants
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

Bankers

Lloyds TSB
PO Box 1000
Hitchin
BX1 1LT

Virgin Money
Jubilee House
Gosforth
Newcastle Upon Tyne
NE3 4PL

STANBOROUGH SCHOOL

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Stanborough School (the Academy, the Trust or the Charitable Company) for the year ended 31 August 2019. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates an Academy School for pupils aged 11-18 serving a catchment area in Welwyn Garden City and the surrounding area. It has a pupil capacity of 1,124 and had a roll of 1,101 in the 2018-2019 school census.

Structure, Governance and Management

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of The Charitable Company are also the Directors for the purposes of company law. The terms Trustee, Director and Governor are interchangeable. The Charitable Company is known as Stanborough School (the School).

Details of the Trustees who served during the year are included in the Reference and Administrative Details section.

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 and Officers' Indemnities

In accordance with normal commercial practice the Academy has opted into the Department for Education's risk protection arrangement (RPA) to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £10,000,000 on any one claim and details of the costs are disclosed in Note 11 to the accounts.

Method of Recruitment and Appointment or Election of Trustees

The arrangements are as set out in the Articles of Association and Funding Agreement. The Articles make provision for at least 14 Trustees (a minimum of 5 Parents, 3 Staff, 5 community Trustees plus the Headteacher).

All Trustees serve a four year term, although they can be re-elected in a similar or different capacity once their term of office ends. Community Trustees are appointed by the Governing Body on the basis of either their previous involvement with the School or their understanding of issues likely to be relevant to the School's community. Parent Trustees are elected by the parents of students at the School. Staff Trustees are elected by the staff within the School; there are two Teaching Trustees and one non teaching Staff Trustee. The Headteacher is an ex officio member of the Governing Body.

Policies and Procedures Adopted for the Induction and Training of Trustees

All Trustees undergo induction training on appointment and they then continue to attend training courses and other events organised by Herts for Learning or other bodies so that they keep up to date with what is happening generally within both the national and local educational sector, and their responsibilities within the Governing Body. One Trustee is designated as the Governor Development Coordinator and they are responsible for overseeing training and development needs. Trustees also undertake to make regular visits to the School to improve their understanding and to offer guidance and support.

STANBOROUGH SCHOOL

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

Organisational Structure

The governance of the Academy is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The Governing Body sets the Vision and the Strategy, including the ethos of the School, and keeps this under review; approves the budget and determines how the budget should be spent – this is a legal responsibility; decides the number of staff, and the pay policy; establishes and reviews policies; and agrees the performance objectives of the Headteacher with the Hertfordshire Improvement Partner, and reviews them.

The Governing Body also ensures that the School promotes high standards of educational achievement; that the School meets its community responsibility, and accounts for the School's performance, both financially and academically. The Governing Body has four main Committees: Finance and Resources, Personnel, Standards and Achievement, and Admissions.

There is also a Management of Risk Committee and a Student Discipline Committee which meet as and when required. Each of the main Committees meets at least once a term. The full Governing Body meets four times a year. In addition to their Committee work various Trustees take a responsibility for certain aspects of the School such as Safeguarding Children, Special Educational Needs and Disabilities, and Children Looked After, Community Relations, Website and communication with parents.

The Senior Leadership Team (SLT) controls the Academy at an executive level implementing policies and reporting to the Trustees. In particular this entails organising staff, resources and students. They are responsible for the authorisation of spending within agreed budgets and for the appointment of staff following a vetting and safeguarding recruitment process.

The Headteacher is the Accounting Officer of the Academy and has overall responsibility for the day to day financial management of the Charitable Company. The Headteacher has delegated responsibility for low values of expenditure to specific budget holders who are responsible for managing their own departments within their allocated budgets. A system of financial controls is in place to manage this process.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel include Academy Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust.

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the school group size, ISR, the pay scales for each role and the level of experience of each staff member and their performance each year. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Trust's appointment, appraisal and pay policies.

All amendments to key management's pay and remuneration is approved by the appropriate sub-committee and ratified by the Board of Trustees.

Trade union facility time

During the year one employee of the Trust acted as a union official on a 100% full time equivalent contract. The employee spent zero hours (equating to 0%) of their time on union facility. The total cost of facility time is less than £100 for the year.

STANBOROUGH SCHOOL

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

Related Parties and other Connected Charities and Organisations

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Trust cooperated with the following organisations during the academic year in pursuit of its charitable activities:

- The Welwyn Hatfield Consortium of Secondary Schools has a strong track record of success both in terms of supporting student academic performance and also in providing support and training for staff, sharing good pedagogical practice and securing a strong local partnership which benefits all schools and the students that they serve.
- Stanborough is part of the Handside Schools' Partnership together with Applecroft School (Primary) and Lakeside School (Special SLD), partly for geographical reasons but primarily because, over a number of years, the synergy that has grown up has proved especially beneficial to the students at all three schools.
- The School leads, works with, and is committed to the Local Partnership of schools in Welwyn Garden City. Through this partnership, the service of School Family Workers is delivered for the benefit of all families in our community.

The Trust does not have a formal sponsor.

Objectives and Activities

Objects and Aims

The principal object and aim of the Charitable Company is the operation of the School to provide free education and care for pupils of different abilities between the ages of 11 and 18. This aim is encapsulated within the 'mission statement':

"Stanborough School will be a School that works within its community to achieve success for all by striving for, and achieving, strong examination results with dedicated specialist staff teaching a curriculum that is suited to students with a wide range of capabilities, within an environment that delivers a unique, positive and enjoyable experience which is reflected by the School's Four Principles of "High Expectations, Quality Learning, Mutual Respect and Success for All".

STANBOROUGH SCHOOL

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

Objectives, Strategies and Activities

During the year the School has worked towards these aims by:

- Improving leadership and middle management within the School in order to provide a clear focus on the best possible outcomes for students, including the recruitment of two new deputy headteachers .
- Using financial resources available to fund additional teaching and learning opportunities in areas of the School that needed extra development.
- Continuing to focus on raising student attainment through a focus on excellent classroom teaching, tracking of student progress and intervention in partnership with parents and other agencies.
- Supporting 'pupil premium' students to reduce gaps in attainment for less advantaged students.
- Training and supporting staff to a high level to raise educational standards for all.
- Increasing the PAN to 240 students each year, with effect from September 2019, in order to meet further increasing demand for places at the School and within the local area.

Our success in fulfilling our aims can be measured by:

- Balancing the budget despite funding cuts.
- Working in partnerships to develop educational provision for our whole community.
- Successfully bidding for grant funding of £1.5M to fund the building of a new (replacement) Music and Drama block.

Public Benefit

The Trustees believe that by working towards the objects and aims of the School as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Strategic Report

Achievements and Performance

The Trust continued its mission to ensure that students achieved their potential in public examinations; encouraged a wide range of extra-curricular activities; developed and retained suitable staff and guided students in suitable progression when they left the School.

Specific achievements were as follows:

- Two new Deputy Headteachers have been appointed and the key focus as a leadership team has been to raise achievement.
- Progress 8 score has significantly improved from last year
- Our A level results were broadly at the national average this year, benchmarked against a broadly average intake. Headline A level results in each band have improved from last year.
- Maintaining and developing positive role in the community through effective partnership and communication with parents and excellent work with outside agencies.

STANBOROUGH SCHOOL

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

Key Performance Indicators

The Trustees receive regular information at each Committee meeting to enable them to monitor the performance of the School compared to aims, strategies and financial budgets.

As funding is based on pupil numbers this is a key performance indicator. Pupil numbers for 2018/19 were 1,101.

Another key financial performance indicator is staffing costs as a percentage of total income. For 2018/19 this was 82.4% (excluding income for the replacement building). The Board of Trustees is confident that staffing levels are closely monitored to agreed Full Time Equivalent and staffing structures all approved by the Board.

The Finance and Resources Committee also monitor all other income and expenditure, for example premises costs, capitation spend for curriculum departments, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately.

Going Concern

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

Financial Review

The principal source of funding for the Trust is the GAG and other grants that it receives from the Education and Skills Funding Agency (ESFA). For the year ended 31 August 2019 the Trust received £5,510,555 of GAG and other funding alongside £1,438,253 of capital funding as a grant to build a replacement Music and Drama block. A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year the Trust spent £6,527,786 on general running costs and transferred £137,097 to support capital new build and improvement projects on the School site. The Academy brought forward from 17/18 £41,230 restricted funds and £298,079 unrestricted funding. The carry forward for 18/19 is £48,294 restricted funding and £236,606 unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a significant pension fund deficit of £1,918,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs. Although the Trustees continue to aim to set a balanced budget with annual income balancing annual expenditure, this has not been possible in recent years and is unlikely in the imminent future. Therefore, the Trustees monitor estimated year-end carry forward figures via the monthly reports from the Business Manager. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose. This ensures that any necessary cutbacks and reductions can be made to ensure a balanced budget.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £236,606.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2019 was £284,900.

The cash balance of the Academy has been healthy all year, ending the year with a balance of £856,563. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the committee Business Manager reports and ensure that we can cover short term cash flow variances.

STANBOROUGH SCHOOL

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

Investment Policy

An Investment Policy was approved by the Board of Trustees on 19 November 2018.

The aim of the policy is to ensure funds that the Academy does not immediately need to cover anticipated expenditure are invested to maximise the Academy's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow.

Principal Risks and Uncertainties

The Trustees maintain a risk register identifying the major risks to which the Academy is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk register process is undertaken on an annual basis and the internal control systems and the exposure to said risks are monitored on behalf of the Trustees at each Finance and Resources Committee meeting. The principal risks facing the Trust are outlined below; those facing the Academy at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As an academy school, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- The Academy has considerable reliance on continued Government funding through the ESFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms;
- Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks;
- Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student progress and outcomes are closely monitored and reviewed;
- Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;
- Staffing - the success of the Academy is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;
- Fraud and mismanagement of funds - The Academy has appointed EES for Schools to carry out independent and external checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;

STANBOROUGH SCHOOL

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

- Financial instruments – the Academy only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- Defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any school ceasing to exist, the main risk to the Academy is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

Fundraising

The Academy only held small fundraising events during the year including a quiz night and sales of refreshments at school events. The Academy does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year no complaints or issues have arisen as a result of the fundraising events.

Plans for Future Periods

The School will continue to raise standards for all students. The appointment of the new Headteacher has seen a number of significant changes in the School over the last 12 months. The focus this academic year is to significantly improve outcomes for our students. The School will continue to work within the Handside Schools Partnership to develop opportunities for students and staff to work together and also to enable an increased presence within the local community.

The School will also continue to work with local schools and other organisations in order to provide students with a wide range of opportunities for their learning. The emphasis here will be on continuing to forge links with local Sports providers and Sports Clubs.

The School will also expand and develop its links with local business organisations in order to provide additional opportunities for students and staff.

Continued development of the Sixth Form will be a key activity particularly in relation to maximising support and funding using the Government's new budgetary criteria.

A significant change has been agreed by the ESFA during the year, resulting in a pupil capacity change to 1,419.

Building work is due to start in October 2019 on the new teaching block, funded by a £4.8M grant from the Local Authority, which will provide the extra teaching spaces required as a result of the School's increase in PAN to 240 from September 2019. The programme shows the completion of this new block by September 2020, ready for the start of the new academic year. Works are also to commence on the replacement Music and Drama block.

STANBOROUGH SCHOOL

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

Auditor

Insofar as the Trustees are aware:

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

The Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees on 16 December 2019 and signed on behalf of the Board by:

N Hounsom
Chair of Trustees

STANBOROUGH SCHOOL

GOVERNANCE STATEMENT

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Stanborough School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' responsibilities and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met four times during the year. The Board met fewer than six times during the year. The Board is satisfied that through the use of sub-committees it maintains effective oversight of funds. Details of one such sub-committee is noted below.

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

Trustee	Meetings attended	Out of a possible
Mrs S J Persaud	3	4
Mrs E Fisher	4	4
Ms S Halliday	4	4
Mr J Earnshaw	1	4
Mrs K Heath	3	4
Mr G Persaud	1	2
Mrs S P Jennings	0	3
Mr J J Smith	3	4
Mr A Beale, Vice Chair	4	4
Mr M W Buckley	1	1
Mrs M M John, Accounting Officer	4	4
Mrs E A Richards	4	4
Mrs J Adams	3	4
Ms S Pryor	2	2
Mrs M Western	3	4
Mrs M L Ridgeon	3	4
Mr N M Hounsom, Chair	4	4
Mrs J Gaydon, Vice Chair	4	4
Mr P Miles	3	4
Mr E J Walsby	0	0
Mrs N M Hastings, Vice Chair	1	1
Mr S D Williams	2	4
Mr G Mossman	0	0
Mr A Wadley	0	0
Mr L Hirani	0	0

A new Headteacher was appointed on 1 September 2018 and joined the Board. The appointment has brought a new impetus to raising student achievement in the Academy and during the year there has been a focus on improved student behaviour, accountability, a scrutiny on the curriculum and a reassessment of Teaching and Learning. In support of this work the School Leadership Team has been strengthened with the recruitment of two Deputy Headteachers, one of whom is an additional post. Due to the three year declining trend in results before the appointment of the new Headteacher, the school was at risk and hence changes had to be made immediately. There has been a drive in raising accountability at all levels especially at middle leadership level.

STANBOROUGH SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

An Ofsted Inspection took place on the 30 April 2019 and whilst it is disappointing to note that the School was judged to be 'Requires Improvement', we were aware that the 3 year declining trend in results could have resulted in special measures. There were a number of very positive points raised by the Ofsted team including the Sixth Form provision which judged to be 'Good'. The Board are satisfied that the work by the new Headteacher from the beginning of the year is addressing the shortcomings and this was acknowledged by Ofsted. We are pleased to say that the 3 year declining trend has now shifted and there has been an improvement in academic results with a 11% increase in the headline figures including Maths and English.

An external review of governance took place in July 2019. The report was prepared over the summer and was presented to the Governing Body in October 2019.

The Finance and Resources Committee is a sub-committee of the main Board of Trustees. Its purpose is to oversee all aspects of the Academy's finances, including the School budget setting and monitoring, compliance with the Academies Financial Handbook and all aspects of the audit function.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mrs M M John	6	6
Mr N M Hounsom	5	6
Mr M W Buckley	2	2
Mr P Miles	6	6
Mrs E A Richards	6	6
Mrs E Fisher	6	6
Mr J J Smith	4	6
Mrs M Western	5	6

Review of value for money

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

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

- Strategically planned financial decisions to alter the curriculum and staffing models, alongside careful tracking of training budgets to support staff appraisal changes.
- Good curriculum breadth enhances learning and academic results.
- Successful bid for capital funds to provide a new (replacement) Music and Drama block.
- Careful management of savings and reduction in staff was achieved through 'natural wastage' and without redundancies to sustain staff morale and educational outcomes for students.
- Excellent practice in procurement enables continued savings and efficiencies.
- Support and training for staff reduces staff turnover ensuring quality and effectiveness.

STANBOROUGH SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academ 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 Stanborough School for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the Annual Report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academ is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academ's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Essex Education Services as Internal Auditor.

The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Academ's financial systems. In particular the checks carried out in the current period included Governance and Financial Management, Banking, Payroll and Expenses, Income, Expenditure and Assets.

On a half-yearly basis, the Internal Auditor reports to the Board of Trustees through the Finance and Resources Committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The Internal Auditor has delivered their schedule of work as planned and there were no material control issues arising as a result of the Internal Auditor's work.

STANBOROUGH SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

- the work of the Internal Auditor;
- the work of the external Auditor;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the Academ 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 Finance and Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by the Board of Trustees on 16 December 2019 and signed on their behalf by:

Mr N M Hounsom
Chair of Trustees

Mrs M M John
Accounting Officer

STANBOROUGH SCHOOL

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

Mrs M M John
Accounting Officer
Date: 16 December 2019

STANBOROUGH SCHOOL

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2019

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

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

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

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

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

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

Approved by the Board of Trustees on 16 December 2019 and signed on its behalf by:

N Hounsom
Chair of Trustees

STANBOROUGH SCHOOL

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF STANBOROUGH SCHOOL

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

STANBOROUGH SCHOOL

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF STANBOROUGH SCHOOL (CONTINUED)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Trustees' Report including the Strategic 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

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

STANBOROUGH SCHOOL

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF STANBOROUGH SCHOOL (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our Report

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

Mr Gary Miller (Senior Statutory Auditor)
for and on behalf of
Price Bailey LLP
Chartered Accountants

Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

17 December 2019

STANBOROUGH SCHOOL

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

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

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

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

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

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

Approach

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

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

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

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

STANBOROUGH SCHOOL

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity, impropriety and non-compliance.
- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and how the Trust complies with the framework of authorities.
- Evaluation of the general control environment of the Academy Trust, extending the procedures required for financial statements to include regularity, propriety and compliance.
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, in order to support the regularity conclusion, including governance, internal controls, procurement and the application of income.

Conclusion

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

Reporting Accountant

Price Bailey LLP

Date: 17 December 2019

STANBOROUGH SCHOOL

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

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	-	161,243	1,518,372	1,679,615	4,999,058
Charitable activities		-	6,049,883	-	6,049,883	5,887,057
Other trading activities	5	118,196	205,382	-	323,578	262,710
Investments	6	1,259	-	-	1,259	920
Total income		<u>119,455</u>	<u>6,416,508</u>	<u>1,518,372</u>	<u>8,054,335</u>	<u>11,149,745</u>
Expenditure on:						
Charitable activities	7,14	180,673	6,564,444	642,601	7,387,718	6,998,657
Total expenditure		<u>180,673</u>	<u>6,564,444</u>	<u>642,601</u>	<u>7,387,718</u>	<u>6,998,657</u>
Net (expenditure)/income		<u>(61,218)</u>	<u>(147,936)</u>	<u>875,771</u>	<u>666,617</u>	<u>4,151,088</u>
Transfers between funds	16	(255)	-	255	-	-
Net movement in funds before other recognised gains/(losses)		<u>(61,473)</u>	<u>(147,936)</u>	<u>876,026</u>	<u>666,617</u>	<u>4,151,088</u>
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	21	-	(534,000)	-	(534,000)	300,000
Net movement in funds		<u>(61,473)</u>	<u>(681,936)</u>	<u>876,026</u>	<u>132,617</u>	<u>4,451,088</u>
Reconciliation of funds:						
Total funds brought forward		298,079	(1,187,770)	11,187,560	10,297,869	5,846,781
Net movement in funds		(61,473)	(681,936)	876,026	132,617	4,451,088
Total funds carried forward		<u>236,606</u>	<u>(1,869,706)</u>	<u>12,063,586</u>	<u>10,430,486</u>	<u>10,297,869</u>

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

The notes on pages 25 to 46 form part of these financial statements.

STANBOROUGH SCHOOL
REGISTERED NUMBER: 7900439

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	6,171,804	6,542,358
Current assets			
Debtors	14	5,967,732	4,981,647
Cash at bank and in hand		856,563	553,239
		<u>6,824,295</u>	<u>5,534,886</u>
Creditors: amounts falling due within one year	15	(647,613)	(550,375)
Net current assets		<u>6,176,682</u>	<u>4,984,511</u>
Total assets less current liabilities		<u>12,348,486</u>	<u>11,526,869</u>
Defined benefit pension scheme liability	21	(1,918,000)	(1,229,000)
Total net assets		<u><u>10,430,486</u></u>	<u><u>10,297,869</u></u>
 Funds of the Academy			
Restricted funds:			
Fixed asset funds	16	12,063,586	11,187,560
Restricted income funds	16	48,294	41,230
		<u>12,111,880</u>	<u>11,228,790</u>
Restricted funds excluding pension liabilities	16	12,111,880	11,228,790
Pension reserve	16	(1,918,000)	(1,229,000)
Total restricted funds	16	<u>10,193,880</u>	<u>9,999,790</u>
Unrestricted income funds	16	236,606	298,079
Total funds		<u><u>10,430,486</u></u>	<u><u>10,297,869</u></u>

The financial statements on pages 22 to 46 were approved by the Trustees, and authorised for issue on 16 December 2019 and are signed on their behalf, by:

Mr N M Housom
Chair of Trustees

The notes on pages 25 to 46 form part of these financial statements.

STANBOROUGH SCHOOL

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	18	439,162	184,547
Cash flows from investing activities	19	(135,838)	(183,510)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		303,324	1,037
Cash and cash equivalents at the beginning of the year		553,239	552,202
Cash and cash equivalents at the end of the year	20	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 25 to 46 form part of these financial statements

STANBOROUGH SCHOOL

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

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

The Academy's functional and presentational currency is Pounds Sterling.

1.2 Going concern

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

1.3 Company status

The Academy is a Company limited by guarantee. Those Members who are Trustees are noted on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per Member. The registered office is Lemsford Lane, Welwyn Garden City, Hertfordshire, AL8 6YR.

1.4 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

STANBOROUGH SCHOOL

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

1. Accounting policies (continued)

1.5 Income

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

- **Grants**

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

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

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

- **Donations**

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

- **Other income**

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

1.6 Expenditure

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.7 Interest receivable

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

STANBOROUGH SCHOOL

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

1. Accounting policies (continued)

1.8 Tangible fixed assets

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

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

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

Leasehold property	- 5% straight line
Furniture and fixtures	- 20% straight line
Computer equipment	- 33.3% straight line
Motor vehicles	- 25% straight line

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

1.9 Debtors

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

1.10 Cash at bank and in hand

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

1.11 Liabilities

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

STANBOROUGH SCHOOL

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

1. Accounting policies (continued)

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.13 Operating leases

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

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore 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 scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities incorporating Income and Expenditure Account 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.

STANBOROUGH SCHOOL

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

1. Accounting policies (continued)

1.15 Agency arrangements

The Academy acts as an agent in distributing 16-19 Bursary Funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities incorporating Income and Expenditure Account, as the Academy does not have control over the charitable application of the funds.

Where the funds have not been fully applied in the accounting period then an amount will be included in the Balance Sheet as an other creditor.

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the Actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	-	161,243	161,243	203,734
Capital grants	-	1,518,372	1,518,372	4,795,324
Total 2019	-	1,679,615	1,679,615	4,999,058
Total 2018	12,894	4,986,164	4,999,058	

In 2018, income from donations was £203,734 of which £12,894 was unrestricted and £190,840 restricted.

In 2018, income from capital grants was £4,795,324 of which all was restricted fixed assets.

STANBOROUGH SCHOOL

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

4. Funding for the Academy's educational operations

	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants			
General Annual Grant (GAG)	5,510,555	5,510,555	5,375,522
Other DfE / ESFA grants	314,587	314,587	258,618
	<u>5,825,142</u>	<u>5,825,142</u>	<u>5,634,140</u>
Other government grants			
Local authority grants	224,741	224,741	252,917
	<u>224,741</u>	<u>224,741</u>	<u>252,917</u>
Total 2019	<u><u>6,049,883</u></u>	<u><u>6,049,883</u></u>	<u><u>5,887,057</u></u>

In 2018, income from DfE/ESFA grants was £5,634,140 of which all was restricted.

In 2018, income from other government grants was £252,917 of which all was restricted.

5. Income from other trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Hire of facilities	87,318	-	87,318	97,620
Rental income	1,265	-	1,265	1,265
Other income	29,613	205,382	234,995	163,825
Total 2019	<u><u>118,196</u></u>	<u><u>205,382</u></u>	<u><u>323,578</u></u>	<u><u>262,710</u></u>
Total 2018	<u><u>162,436</u></u>	<u><u>100,274</u></u>	<u><u>262,710</u></u>	

In 2018, hire of facilities income was £97,620 of which all was unrestricted.

In 2018, rental income was £1,265 of which all was unrestricted.

In 2018, other income was £163,825 of which £63,551 was unrestricted and £100,274 restricted.

STANBOROUGH SCHOOL

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

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	1,259	1,259	920
	1,259	1,259	920

In 2018, all investment income was in relation to unrestricted income.

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Provision of Education:					
Direct costs	4,691,919	-	604,356	5,296,275	5,086,756
Support costs	762,556	499,260	829,627	2,091,443	1,911,901
Total 2019	5,454,475	499,260	1,433,983	7,387,718	6,998,657
Total 2018	5,141,479	406,285	1,450,893	6,998,657	

In 2019, of total expenditure, £180,673 (2018: £NIL) was from unrestricted funds, £6,564,444 (2018: £6,268,793) was from restricted funds and £642,601 (2018: £729,864) was from restricted fixed asset funds.

In 2018, direct expenditure consisted of £4,398,268 staff costs and £688,488 other costs.

In 2018, support expenditure consisted of £743,211 staff costs, £406,285 premises costs and £762,405 other costs.

STANBOROUGH SCHOOL

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

8. Charitable activities

	2019 £	2018 £
Direct costs	5,296,275	5,086,756
Support costs	2,091,443	1,911,901
Total	7,387,718	6,998,657

Analysis of support costs

	2019 £	2018 £
Support staff costs	762,556	743,211
Depreciation	507,651	507,171
Technology costs	72,839	29,680
Premises costs	499,260	406,285
Other costs	232,555	211,962
Governance costs	16,582	13,592
Total	2,091,443	1,911,901

9. Net income

Net income for the year includes:

	2019 £	2018 £
Depreciation of tangible fixed assets	507,651	507,171
Fees paid to auditors for:		
- audit	6,895	6,695
- other services	4,765	5,325
Governance Internal Audit costs	1,620	1,365

STANBOROUGH SCHOOL

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

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	3,981,953	3,799,822
Social security costs	360,014	355,863
Pension costs	810,019	775,048
	<u>5,151,986</u>	<u>4,930,733</u>
Agency supply	302,489	210,746
	<u><u>5,454,475</u></u>	<u><u>5,141,479</u></u>

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	67	66
Admin and support	87	87
Management	8	8
	<u>162</u>	<u>161</u>

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	3	1
In the band £70,001 - £80,000	1	2
In the band £80,001 - £90,000	1	-
In the band £100,001 - £110,000	-	1
	<u><u>-</u></u>	<u><u>1</u></u>

d. Key management personnel

The key management personnel of the Academy comprise the Trustees and the Senior Leadership Team as listed on page 2. The total amount of employee benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the Academy was £796,733 (2018 - £518,193).

STANBOROUGH SCHOOL

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

10. Staff costs (continued)

d. Key management personnel (continued)

Included in this figure are employer national insurance contributions of £73,642 (2018 - £50,737) and employer pension contributions of £84,723 (2018 - £39,759).

In 2018, the key management personnel of the academy comprised only of the Trustees, Headteacher, Deputy Headteachers' and the School Business Manager. This disclosure has now been revised to bring in line with the Academy Accounts Direction.

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019	2018
		£	£
M John	Remuneration	85,000 - 90,000	NIL
	Pension contributions paid	10,000 - 15,000	NIL
M Ridgeon	Remuneration	45,000 - 50,000	30,000 - 35,000
	Pension contributions paid	NIL	NIL
J Adams	Remuneration	20,000 - 25,000	20,000 - 25,000
	Pension contributions paid	5,000 - 10,000	5,000 - 10,000
K Heath	Remuneration	35,000 - 40,000	35,000 - 40,000
	Pension contributions paid	5,000 - 10,000	5,000 - 10,000
S Pryor	Remuneration	25,000 - 30,000	NIL
	Pension contributions paid	0 - 5,000	NIL
G Persaud	Remuneration	NIL	NIL
	Pension contributions paid	NIL	NIL
P Brown	Remuneration	NIL	105,000 - 110,000
	Pension contributions paid	NIL	NIL
S Benzid	Remuneration	NIL	15,000 - 20,000
	Pension contributions paid	NIL	0 - 5,000

During the year ended 31 August 2019, expenses totalling £45 were reimbursed or paid directly to 1 Trustee (2018 - £66 to 1 Trustee).

STANBOROUGH SCHOOL

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

12. Trustees' and Officers' insurance

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

13. Tangible fixed assets

	Long-term leasehold property £	Assets under construction £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 September 2018	9,275,662	140,592	278,814	250,401	20,700	9,966,169
Additions	-	101,359	11,928	23,810	-	137,097
Disposals	-	-	-	-	(5,200)	(5,200)
At 31 August 2019	<u>9,275,662</u>	<u>241,951</u>	<u>290,742</u>	<u>274,211</u>	<u>15,500</u>	<u>10,098,066</u>
Depreciation						
At 1 September 2018	2,988,826	-	201,479	212,806	20,700	3,423,811
Charge for the year	463,536	-	25,569	18,546	-	507,651
On disposals	-	-	-	-	(5,200)	(5,200)
At 31 August 2019	<u>3,452,362</u>	<u>-</u>	<u>227,048</u>	<u>231,352</u>	<u>15,500</u>	<u>3,926,262</u>
Net book value						
At 31 August 2019	<u><u>5,823,300</u></u>	<u><u>241,951</u></u>	<u><u>63,694</u></u>	<u><u>42,859</u></u>	<u><u>-</u></u>	<u><u>6,171,804</u></u>
At 31 August 2018	<u><u>6,286,836</u></u>	<u><u>140,592</u></u>	<u><u>77,335</u></u>	<u><u>37,595</u></u>	<u><u>-</u></u>	<u><u>6,542,358</u></u>

14. Debtors

	2019 £	2018 £
Trade debtors	15,005	32,987
Other debtors	5,774,786	4,822,839
Prepayments and accrued income	96,011	68,295
VAT recoverable	81,930	57,526
	<u>5,967,732</u>	<u>4,981,647</u>

STANBOROUGH SCHOOL

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

15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	275,372	241,896
Other taxation and social security	94,716	93,183
Other creditors	83,832	78,628
Accruals and deferred income	193,693	136,668
	<u>647,613</u>	<u>550,375</u>
	2019 £	2018 £
Deferred income		
Deferred income at 1 September 2018	55,540	65,458
Resources deferred during the year	107,095	55,540
Amounts released from previous periods	(55,540)	(65,458)
Deferred income as at 31 August 2019	<u>107,095</u>	<u>55,540</u>

The income deferred at the year end mainly related to local authority grants, ESFA rates income and parental contributions towards music lessons.

STANBOROUGH SCHOOL

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

16. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Unrestricted funds	298,079	119,455	(180,673)	(255)	-	236,606
Restricted general funds						
General Annual Grant (GAG)	-	5,510,555	(5,510,555)	-	-	-
Other DfE/ESFA Grants	-	314,587	(314,587)	-	-	-
Other government grants	-	222,746	(174,452)	-	-	48,294
Other restricted funds	41,230	225,570	(266,800)	-	-	-
Restricted Trip Donations	-	143,050	(143,050)	-	-	-
Pension reserve	(1,229,000)	-	(155,000)	-	(534,000)	(1,918,000)
	<u>(1,187,770)</u>	<u>6,416,508</u>	<u>(6,564,444)</u>	<u>-</u>	<u>(534,000)</u>	<u>(1,869,706)</u>
Restricted fixed asset funds						
Restricted Fixed Assets	6,542,358	-	(507,651)	137,097	-	6,171,804
Income for Expansion	4,631,860	-	(67,163)	(109,610)	-	4,455,087
Devolved Formula Capital (DFC)	13,342	80,119	(67,787)	(25,194)	-	480
Condition Improvement Fund (CIF)	-	1,438,253	-	(2,038)	-	1,436,215
	<u>11,187,560</u>	<u>1,518,372</u>	<u>(642,601)</u>	<u>255</u>	<u>-</u>	<u>12,063,586</u>
Total Restricted funds	<u>9,999,790</u>	<u>7,934,880</u>	<u>(7,207,045)</u>	<u>255</u>	<u>(534,000)</u>	<u>10,193,880</u>
Total funds	<u><u>10,297,869</u></u>	<u><u>8,054,335</u></u>	<u><u>(7,387,718)</u></u>	<u><u>-</u></u>	<u><u>(534,000)</u></u>	<u><u>10,430,486</u></u>

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

STANBOROUGH SCHOOL

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

16. Statement of funds (continued)

Unrestricted funds

This represents income received that does not have restrictions.

Other DfE/ESFA grants

This represents funding received from the DfE/ESFA which is restricted in nature.

Restricted trip donations

This represents parental contributions towards the provision of educational trips, and associated costs.

Other Government grants

This represents various small government grants for the provision of specific services to Academy pupils.

Other restricted funds

This represents various donations received which are restricted in nature.

Pension reserve

This fund represents the Academy's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the Academy on conversion from a state controlled school.

Restricted fixed asset funds

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

The transfer from unrestricted funds relates to contribution towards the maintenance of capital assets during the year.

Devolved Formula Capital (DFC)

This represents ESFA funding specifically for the maintenance and improvement of the Academy's buildings and facilities.

Condition Improvement Fund (CIF)

This is additional capital funding that academies and sixth-form colleges receive and aim to keep academy and sixth-form college buildings safe and in good working order.

General Annual Grant (GAG)

This represents funding from the ESFA to cover the costs of recurrent expenditure.

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

Income for Expansion

This represents funding from the ESFA for the planned school expansion project.

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

STANBOROUGH SCHOOL

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

16. Statement of funds (continued)

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Unrestricted funds	218,219	176,250	-	(96,390)	-	298,079
Restricted general funds						
General Annual Grant (GAG)	192	5,375,522	(5,287,673)	(88,041)	-	-
Other DfE/ESFA grants	-	258,618	(258,618)	-	-	-
Other Government grants	-	252,417	(252,417)	-	-	-
Other restricted funds	23,126	103,614	(85,510)	-	-	41,230
Restricted trip donations	25,575	188,000	(213,575)	-	-	-
Pension reserve	(1,358,000)	-	(171,000)	-	300,000	(1,229,000)
	<u>(1,309,107)</u>	<u>6,178,171</u>	<u>(6,268,793)</u>	<u>(88,041)</u>	<u>300,000</u>	<u>(1,187,770)</u>
Restricted fixed asset funds						
Restricted fixed asset funds	6,865,099	-	(507,172)	184,431	-	6,542,358
CIF grant	59,363	-	(59,363)	-	-	-
Devolved Formula Capital (DFC)	13,207	22,872	(22,737)	-	-	13,342
Income from expansion	-	4,772,452	(140,592)	-	-	4,631,860
	<u>6,937,669</u>	<u>4,795,324</u>	<u>(729,864)</u>	<u>184,431</u>	<u>-</u>	<u>11,187,560</u>
Total Restricted funds	<u>5,628,562</u>	<u>10,973,495</u>	<u>(6,998,657)</u>	<u>96,390</u>	<u>300,000</u>	<u>9,999,790</u>
Total funds	<u><u>5,846,781</u></u>	<u><u>11,149,745</u></u>	<u><u>(6,998,657)</u></u>	<u><u>-</u></u>	<u><u>300,000</u></u>	<u><u>10,297,869</u></u>

STANBOROUGH SCHOOL

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

17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	6,171,804	6,171,804
Current assets	415,154	517,359	5,891,782	6,824,295
Creditors due within one year	(178,548)	(469,065)	-	(647,613)
Provisions for liabilities and charges	-	(1,918,000)	-	(1,918,000)
Total	<u>236,606</u>	<u>(1,869,706)</u>	<u>12,063,586</u>	<u>10,430,486</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	(4,645,202)	-	11,187,560	6,542,358
Current assets	5,115,051	419,835	-	5,534,886
Creditors due within one year	(171,770)	(378,605)	-	(550,375)
Provisions for liabilities and charges	-	(1,229,000)	-	(1,229,000)
Total	<u>298,079</u>	<u>(1,187,770)</u>	<u>11,187,560</u>	<u>10,297,869</u>

STANBOROUGH SCHOOL

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

18. Reconciliation of net income to net cash flow from operating activities

	2019 £	2018 £
Net income for the year (as per Statement of Financial Activities)	666,617	4,151,088
Adjustments for:		
Depreciation	507,651	507,171
Interest receivable	(1,259)	(920)
Increase in debtors	(986,085)	(4,779,094)
Increase in creditors	97,238	135,302
Pension adjustment	155,000	171,000
Net cash provided by operating activities	<u>439,162</u>	<u>184,547</u>

19. Cash flows from investing activities

	2019 £	2018 £
Interest receivable	1,259	920
Purchase of tangible fixed assets	(137,097)	(184,430)
Net cash used in investing activities	<u>(135,838)</u>	<u>(183,510)</u>

20. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	<u>856,563</u>	<u>553,239</u>

21. Pension commitments

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hertfordshire County Council. Both are Multi-Employer Defined Benefit Schemes.

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

Contributions amounting to £83,832 were payable to the schemes at 31 August 2019 (2018 - £78,628) and are included within creditors.

STANBOROUGH SCHOOL

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

21. Pension commitments (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities.

In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

STANBOROUGH SCHOOL

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

21. Pension commitments (continued)

The employer's pension costs paid to TPS in the year amounted to £440,979 (2018 - £412,840).

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

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

Scheme Changes

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

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, 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 £309,000 (2018 - £281,000), of which employer's contributions totalled £250,000 (2018 - £227,000) and employees' contributions totalled £ 59,000 (2018 - £54,000). The agreed contribution rates for future years are 25.3 per cent for employers and 5.5-8.5 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.

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	2.4	2.5
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	1.8	2.8
Inflation assumption (CPI)	2.3	2.4
Commutation of pensions to lump sums	3.3	3.3

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

STANBOROUGH SCHOOL

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

21. Pension commitments (continued)

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.5	22.5
Females	23.7	24.9
<i>Retiring in 20 years</i>		
Males	22.3	24.1
Females	25.0	26.7

As at the 31st August 2019 the Trust had a pension liability of £1,918,000 (2018 - £1,229,000). The sensitivity analysis detailed below would increase/(decrease) the closing defined benefit obligation in the following way:

Sensitivity analysis

	2019	2018
Discount rate +0.1%	(105,000)	(79,000)
Discount rate -0.1%	105,000	79,000
Mortality assumption - 1 year increase	38,000	36,000
Mortality assumption - 1 year decrease	(38,000)	(36,000)
CPI rate +0.1%	96,000	72,000
CPI rate -0.1%	(96,000)	(72,000)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	1,402,000	1,263,520
Gilts	1,115,000	834,000
Property	229,000	190,720
Cash and other liquid assets	114,000	95,360
Total market value of assets	2,860,000	2,383,600

The actual return on scheme assets was £215,000 (2018 - £116,000).

STANBOROUGH SCHOOL

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

21. Pension commitments (continued)

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

	2019 £	2018 £
Current service cost	(365,000)	(363,000)
Past service cost	(4,000)	-
Interest income	70,000	54,000
Interest cost	(106,000)	(89,000)
Total amount recognised in the Statement of financial activities	<u>(405,000)</u>	<u>(398,000)</u>

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

	2019 £	2018 £
At 1 September	3,613,000	3,388,000
Current service cost	365,000	363,000
Interest cost	106,000	89,000
Employee contributions	59,000	54,000
Actuarial losses/(gains)	679,000	(238,000)
Benefits paid	(48,000)	(43,000)
Past service costs	4,000	-
At 31 August	<u>4,778,000</u>	<u>3,613,000</u>

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

	2019 £	2018 £
At 1 September	2,384,000	2,030,000
Interest income	70,000	54,000
Actuarial gains	145,000	62,000
Employer contributions	250,000	227,000
Employee contributions	59,000	54,000
Benefits paid	(48,000)	(43,000)
At 31 August	<u>2,860,000</u>	<u>2,384,000</u>

STANBOROUGH SCHOOL

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

22. Operating lease commitments

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

	2019 £	2018 £
Not later than 1 year	46,941	6,047
Later than 1 year and not later than 5 years	6,229	1,379
	<u>53,170</u>	<u>7,426</u>

23. 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.

24. Related party transactions

Owing to the nature of the Academy's operations and the composition of the Governing Body being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee has an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the Academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

Trustees' remuneration and expenses have already been disclosed in note 11.

Stanborough School paid G Persaud £533 (2018: £2,675) in relation to supply teacher costs. G Persaud is the husband of a Governor and is now a Governor themselves.

Stanborough School received a donation of £2,550 (2018: £2,675) from the Friends of Stanborough School (FOSS), a Trust of which there are common Trustees.

No other related party transactions took place.

25. Agency arrangements

The Academy distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2019 the Academy received £10,038 (2018 - £9,906) and disbursed £10,038 (2018 - £9,906) from the fund. There is not an amount (2018 - £Nil) included in other creditors relating to undistributed funds that are repayable to the ESFA.

