

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

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KINGS NORTON GIRLS' SCHOOL
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REFERENCE AND ADMINISTRATIVE DETAILS

| | |
|--|---|
| Members | J Abbott P Fellows K Mack K Ward P Webb |
| Governors | J Abbott N Bi J Couperthwaite U Doerry (appointed 17 September 2020) P Fellows D Gilman D Green (resigned 19 June 2020) K Mack J Parmar (appointed 17 September 2020) N Raggett K Reynolds S Roberts (resigned 9 July 2020) V Walsh K Ward P Webb |
| Company registered number | 07563329 |
| Company name | Kings Norton Girls' School |
| Principal and registered office | Selly Oak Road Birmingham West Midlands B30 1HW |
| Senior management team | N Raggett, Headteacher D Gunn, Deputy Headteacher L Shakespeare, Deputy Headteacher L Hawksworth, Assistant Headteacher G Woodward, Assistant Headteacher T Charlett, Assistant Headteacher C Skinner, Business Manager |
| Independent auditor | Cooper Parry Group Limited One Central Boulevard Blythe Valley Business Park Solihull West Midlands B90 8BG |
| Bankers | Lloyds Bank plc 798 Bristol Road South Birmingham B31 2NP |

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Solicitors

Browne Jacobson LLP
Victoria Square House
Victoria Square
Birmingham
B2 4BU

KINGS NORTON GIRLS' SCHOOL
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The governors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a governors' report and a directors' report under company law.

The principal activity of Kings Norton Girls' School ('KNGS') is the operation of the school to provide education for students of different abilities between the ages of 11 and 19 serving a catchment area in Kings Norton and surrounding areas, with a pupil capacity of 1,075 and 1,020 pupils currently enrolled based on the January 2020 Census.

Structure, governance and management

a. Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Governors of Kings Norton Girls' School accounts are also the directors of the charitable company for the purposes of company law. The charitable company operates as Kings Norton Girls' School.

Details of the governors who served during the period, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

b. 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.

c. Governors' indemnities

The academy trust maintains governors' and officers' liability insurance which give appropriate cover for any action against the governors which by virtue of any law would otherwise attach them in respect of any negligence, default or breach of duty which they may be guilty in relation to the academy trust. Such indemnity will not apply to any act or omission which the governors knew to be in breach of trust or breach of duty or which was committed by the governors in reckless disregard to whether it was a breach of duty or which was not nor will such indemnity extend to the costs of any unsuccessful defence to a criminal prosecution brought against the governors in their capacity as directors of the academy trust.

d. Method of recruitment and appointment or election of governors

The Trust shall have the following Governors, as set out in its Articles of Association and funding agreement:

- up to 10 Governors who are appointed by the Members;
- between 2 and 7 Parent Governors who are elected by parents of registered pupils at the Academy Trust;
- up to 2 Staff Governors; and
- the Headteacher who is treated for all purposes as being an ex-officio Trustee.

Governors are appointed for a 4-year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Governors, any Governor can be re-appointed or re-elected.

When appointing new Governors, the Board of Governors will consider the skills and experience mix of existing Governors in order to ensure the Board of Governors has the necessary skills to contribute fully to the Academy Trust's ongoing development.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

e. Policies adopted for the induction and training of governors

The training and induction provided for new Governors will depend upon their existing experience but will always include a tour of the School and a chance to meet staff and pupils. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents they will need to undertake their role as Governors. All new Governors also have the opportunity to undertake National Governor Association training and all Governors receive regular National Governor Association updates. As there are normally only a few new Governor appointments each year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by various external organisations as appropriate.

A bespoke governance development program is operated throughout the year which allows Governors to meet informally as a team for training, so as to keep the Governors updated on relevant developments impacting on their roles and responsibilities, and to contribute to the strategic leadership and direction of the Academy Trust.

f. Organisational structure

The Governors are responsible for setting general policy, adopting an annual development plan and budget, approving the annual statutory accounts, monitoring the Academy Trust by the use of budgets and other data, and making the major decisions about the direction of the Academy Trust, capital expenditure and staff appointments.

The Board of Governors normally meet 4 times each year. The Board of Governors establishes an overall framework for the governance of the Academy Trust and determines membership, terms of reference and procedures of Committees of the Board of Governors and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings and through direct reporting from the elected Chair of each Committee. The Board of Governors may from time to time establish working groups to perform specific tasks over a limited timescale.

There are 3 Committees of the Board of Governors as follows:

- Standards Committee
- Resources Committee
- Pay Committee

Each Committee has its own terms of reference detailing the responsibilities discharged to it.

The following decisions are reserved to the full Board of Governors:

- to consider any proposals for changes to the status or constitution of the Academy Trust and its committee structure;
- to appoint or remove the Chair and / or Vice Chair; and
- to appoint and / or consider the performance management of the Headteacher.

The Governors have devolved the day-to-day management of the Academy Trust to the Senior Leadership Team ('SLT'), which is led by the Headteacher. The SLT comprises the Headteacher, two Deputy Headteachers, three Assistant Headteachers and the Business Manager. The Headteacher is the Academy Trust's Accounting Officer and has overall responsibility for the day to day financial management of the Academy Trust. The SLT implements the policies laid down by the Governors and reports back to them on performance.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

g. Arrangements for setting pay and remuneration of key management personnel

The Governors consider the Board of Governors and the senior management team to comprise the key management personnel of the Academy Trust in charge of directing and controlling, running and operating the Academy on a day to day basis. All Governors give of their time freely and no Governor received any remuneration in the current or prior year, other than those Governors who are also employees of the Academy. Details of Governors' remuneration and expenses are disclosed in note 11 of the financial statements.

The pay of the Headteacher is reviewed annually by the Pay Committee based on the annual performance management process for the Headteacher and in line the Academy's pay and remuneration policy, which includes a set point scale for the role (along with comparisons to similar roles in other Academy Trusts).

The pay of the other members of the senior management team is also reviewed annually by the Pay Committee in line with the Academy's pay and remuneration policy and by reference to published pay scales for both teaching and administrative support staff and the annual performance management process adopted by the Academy.

h. Trade union facility time

Relevant union officials

| | |
|---|----|
| Number of employees who were relevant union officials during the year | 2 |
| Full-time equivalent employee number | 92 |

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time £000

| | |
|---|-------|
| Total cost of facility time | 3 |
| Total pay bill | 4,631 |
| Percentage of total pay bill spent on facility time | - % |

Paid trade union activities

| | |
|---|------|
| Time spent on paid trade union activities as a percentage of total paid facility time hours | 49 % |
|---|------|

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

i. Engagement with employees (including disabled persons)

The Academy Trust's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests. Information about matters of concern to employees is given through information bulletins, reports and meetings which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Academy Trust's performance.

During employment, the Trust seeks to work with employees, taking into account their personal circumstances, to ensure appropriate training, development and advanced employment opportunities are available to them to reach their full potential.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Academy Trust continues and that the appropriate training is arranged. It is the Academy Trust's policy that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Objectives and activities

a. Objects and aims

The principal objects of the Academy Trust, as set out in its Articles of Association, are to:

- advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school, offering a broad and balanced curriculum

The aims of the Academy Trust during the year ended 31 August 2020 are summarised below:

Core purpose:

- To provide an environment for learning in which everyone thrives both personally and academically

At KNKS we will:

- Foster a joy in learning and curiosity for diversity
- Recognise and celebrate achievement and instil pride in success
- Provide opportunities to become independent and resilient in the face of challenges
- Cultivate a sense of own self-worth through involvement and enrichment
- Contribute to and benefit from the richness of the community in which we belong

b. Objectives, strategies and activities

The Academy strives to "open a world of opportunities" for all students. It engages all students, staff and Governors to embrace our values; demonstrating courage and respect in order to flourish. The key priorities for the period are contained in the Academy Trust's Development Plan which is available from the Headteacher. The key activities of the Academy Trust for the year ended 31 August 2020 were focused as follows:

- Progress of disadvantaged, SEN, LPA, HPA and Ethnic (MWBC) students
- Wellbeing of students and staffs
- Pastoral systems development
- Embedding core values

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

c. Public benefit

The Academy Trust aims to advance, for the public benefit, education in Kings Norton and the surrounding area, offering a broad curriculum and an excellent education environment for its students.

The Trustees confirm that they have complied with the duty in the Charities Act 2011 to have due regard to the Charity Commission general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

Strategic report

Achievements and performance

a. Key performance indicators

The Academy Trust uses a number of benchmarks or performance indicators to evaluate its financial performance and drive budgetary control and monitoring.

A key financial performance indicator for the Trust is the level of reserves held at the balance sheet date and, in particular, the amount of unrestricted reserves plus restricted income reserves at year end. At 31 August 2020, the balance of the unrestricted and restricted income reserves was £734,000 (2019: £663,000), which is after transfers of £66,000 to the restricted fixed asset fund to fund capital expenditure during the year. Further details on the level of reserves held by the Academy Trust are set out in the Reserves Policy section below.

As the majority of the Academy Trust's funding is based on pupil numbers, pupil numbers is also a key performance indicator. The total number of pupils during the year ended 31 August 2020 were 1,020, which is an increase of over 20 students from the previous year.

Staffing costs are another key performance indicator for the Academy Trust and the percentage of total staff costs to total educational grant funding (being GAG funding plus other operating educational grants from the ESFA and / or Local Authority) for the year was 85.5% (2019: 86.3%), while the percentage of staff costs to total costs (excluding depreciation and LGPS FRS102 pension cost charges) was 85.5% (2019: 84.4%).

| Description of KPI | 2020 | 2019 | 2018 |
|--|--------|--------|--------|
| Student numbers | 1,020 | 998 | 965 |
| Students:Teachers | 18.2 | 17.8 | 15.1 |
| Students:Support Staff | 36.4 | 30.2 | 20.5 |
| Students:Management | 145.7 | 142.6 | 137.9 |
| Income per student | £5,464 | £5,180 | £5,339 |
| GAG income per student | £4,849 | £4,850 | £5,255 |
| Staff costs per student | £4,734 | £4,568 | £4,447 |
| Staffing costs as a percentage of income | 85.9% | 88.2% | 83.9% |

b. Going concern

After making appropriate enquiries, the board of governors has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue 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 accounting policies.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

c. Promoting the success of the company

The Trustees have acted in the way which they consider, in good faith, promotes the success of the Academy Trust for the benefit of its pupils and their parents, the Department for Education and the Education and Skills Funding Agency as principal funders and regulators, its suppliers and local wider school community as a whole, and in doing so have given regard to (amongst other matters):

Our educational business relationships and community

With a highly committed and dedicated workforce, the Academy Trust takes great pride in listening to what our students, parents and local community want and continues to provide the level of education outcomes and results that they have come to expect. The Academy Trust continues to evolve and to adapt to the ever-changing educational environment, leading to the continued increase in the awareness of the Academy Trust's overall activities and educational performance. This did not stop during the Coronavirus lockdown as the school remained open for those students who needed it and provided school IT resources to students when it was apparent that the government funded equipment would not be sufficient.

As an educational focused charitable organisation, public benefit is also at the heart of all we do. The details in the "Objectives and Activities" and "Achievements and Performance" section of the Trustees' report above provide full details of the impact of our activities and our achievements for the year.

With respect to suppliers, the Academy Trust's policy for the payment of suppliers is to agree to terms of payment in advance in line with normal commercial practices and, provided a supplier performs in accordance with the agreement, to abide by such terms. We ensured that this continued during the Coronavirus lockdown period in line with all government procurement notices.

The Academy Trust is also committed to contributing towards combating the threat of global warming by using energy efficient measures to reduce CO2 emissions throughout its buildings, facilities and operations wherever possible within the restrictions that the property presents.

Our stakeholders

In addition to our students, parents, suppliers and wider local community, the Trustees also recognise the importance of their relationship with the Department for Education (DfE) and the Education and Skills Funding Agency (ESFA), as principal funders, regulators and stakeholders. The Trustees are committed to the effective engagement with the DfE and the ESFA (and their representatives) are recognise that its success depends on the Trustees and senior management's ability to engage with them effectively and to work with them constructively, taking into account their guidance and best practice initiatives, whilst also working in line with the specific requirements of the Academy Trust's funding agreement and the Academies Financial Handbook.

Our people

The Academy Trust's key asset is its people. It employs over 130 staff, including agency workers, and it is only through the combined effort of this workforce, together with our supporters, that we can change the lives of the children under our care. The Academy Trust encourages the involvement of all employees in decision making processes that impact on them directly and further details on our engagement with our people is detailed in the "Engagement with Employees (including Disabled Persons)" section of the Trustees' report above.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

The Coronavirus lockdown was an extremely difficult time for all of our staff; having to balance family and work, adapting to new ways of working whilst striving to maintain our usual very high standards, dealing with personal illness and loss. The team continued to deliver their roles effectively in the chaos and uncertainty that surrounded them. The leadership team worked tirelessly to ensure that meticulous planning went into all changes that were directed from government and these were communicated in a timely manner including relevant consultation with staff and unions. SLT digested and adapted all guidance from government into a safe and successful operation that was appropriate for the school.

Our Members

The Trustees are committed and openly engaged with our Members through the active involvement of some Members as Trustees as well as regular and effective dialogue with them, including an Annual General Meeting and annual strategy and vision day. The Members are actively engaged in understanding our strategy and vision for the future, our culture and ethos, our people and our educational performance and standards.

Maintaining a reputation for high standards

The Academy Trust has been in existence for 10 years, and is committed to continual improvement, which it achieves in a number of ways, including improvement planning, review meetings, continual professional development, lesson observations, performance management, self-evaluation, data analysis and action planning. The Academy Trust also continually develops strategies to maintain and grow its student base, including looking for new schools and academies to join the Trust, and further improve relationships with our suppliers.

The information in the "Achievements and Performance" section of the Trustees' report above provide full details of our achievements during the year and the standards of educational performance we have achieved for all our stakeholders.

d. Review of activities

The Academy Trust continues to evolve and to adapt to the ever-changing educational environment. The Trust is in its 10th year of operation since conversion to an Academy Trust. The total number of pupils in the year ended 31 August 2020 was 1,020, but this has increased to 1,063 at the October 2020 census due to the continued demand for places at the Academy Trust.

The Academy Trust is committed to continual improvement, which is achieved in a number of ways, including improvement planning, review meetings, continual professional development, lesson observations, performance management, self-evaluation, data analysis and action planning. The particular achievements and performance of the Academy Trust during the year ended 31 August 2020 were as follows:

Applications to attend the school, both in the lower school and Sixth Form, continue to be strong. We received 871 applications for 160 places into Year 7 for September 2020 entry and 269 applications for 140 Year 12 places.

After a short delay, our new Sixth Form Block opened in February 2020. The building provides 6 classrooms and a study space exclusively for Sixth Form students and provides office space for teaching and support staff.

The Coronavirus lockdown from March 2020, had a significant impact on the activities that the school could undertake as students and staff adapted to learning and working from home. The school remained open throughout the period providing remote education to the majority of our students both via our remote desktop service and via the new world of Microsoft Teams which imposed rapid tech development for all of our staff. A number of vulnerable and Key Worker children remained on site throughout lockdown supported by teaching and support staff to access their online learning. Pastoral support continued remotely to ensure that children

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

received emotional support as well as academic and our operational support staff continued to keep the school running effectively and safely. Staff and students coped incredibly well considering the stressful time during lockdown and we are extremely proud of all of their efforts.

The school opened for Year 10 and 12 students from the 15th June following a detailed planning and risk assessment process. Due to the success of the first week of operation, we immediately increased the number of students on site to the maximum level, as set by the government, to ensure that these key year groups received face to face support from teaching staff in preparation for their exams in 2021.

Devastatingly for Year 11 and Year 13 students, public examinations did not take place in the summer of 2020. Teaching staff were tasked with producing Centre Assessed Grades in lieu of examination results. Following Ofqual and Department for Education guidance, a rigorous process of review and moderation was undertaken by the school to provide accurate outcomes for students. Although we did not know this at the time, ultimately, these Centre Assessed Grades formed some of the final results for our students. Due to the fact that the results will not form part of any school performance tables, we are not reporting student progress or attainment for 2020.

Post 18 destinations saw 63% of students moving to university, 52% of who went to Russell Group Universities.

Coronavirus also prevented a significant number of activities taking place; work experience had to be cancelled as did a number of educational visits, much to the disappointment of the year groups concerned. Shortly before lockdown, our regular trip to Germany for an exchange visit had to be cancelled due to the collapse of the airline provider. We were unable to run activities with our link feeder schools and our incoming Year 7 had a virtual transition event rather than the normal two days on site with staff and students. Fundraising was restricted with events such as CoComad being moved on line.

Despite all of this, our staff and students kept very busy during lockdown and all of their activities were recorded and shared with each other via a newsletter published on our website. Baking, gardening, arts and crafts, exercise and healthy living all appeared in the weekly publication alongside organisations that could offer additional support in the challenging times we were all experiencing. Religious events were celebrated, as were births and marriages in order to maintain the strong sense of community at KNGS.

Throughout the period, staff and students took part in wellbeing surveys so that support could be provided to those who needed it and tailored to their individual needs. This support, guidance and advice took place in the format of telephone calls and Microsoft Teams meetings.

Financial review

The majority of the Academy Trust's income is received from the Education and Skills Funding Agency ('ESFA') in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2020 and the associated expenditure of these grants are shown as restricted funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the ESFA and other organisations / funders and these are shown as restricted fixed asset funds in the Statement of Financial Activities. The balance of the restricted fixed asset fund is reduced by the depreciation charges on the assets acquired using these funds.

For the year ended 31 August 2020, the Academy Trust's total income (excluding capital grants) was £5,615,000 (2019: £5,313,000) while the total expenditure (excluding depreciation and LGPS FRS102 pension cost charges) was £5,478,000 (2019: £5,198,000), resulting in a net surplus for the year of £37,000 (2019: £115,000).

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review (continued)

The balance of reserves at 31 August 2020, excluding the restricted fixed asset funds and LGPS liability fund was £734,000 (2019: £663,000).

The financial impact of Coronavirus on the school was minimal as the school continued to receive all budgeted government funding which forms the majority of its income. Costs to the school reduced in areas such as electricity consumption, sickness absence and maternity cover during the lockdown period. However, due to the cancellation of numerous educational trips, the school has had to reimburse families any monies paid towards those trips. Whilst some providers processed refunds, the school had to claim on its insurance policy for the cost of some cancelled trips. Those claims were ongoing at the year end.

The net book value of fixed assets at 31 August 2020 were £5,582,000. The fixed assets held by the Academy Trust are used exclusively for providing education and associated support services to the pupils of the Academy Trust.

Included within the Academy's balance sheet at year end is a defined benefit pension scheme liability of £2,656,000 (2019: £1,803,000), which arises from the deficit in the Local Government Pension Scheme ("LGPS") that is attributable to the Academy. Further details regarding the deficit in the LGPS at 31 August 2020 are set out in note 26 to the financial statements.

The key financial policies reviewed and adopted during the period included the Financial Procedures Policies and Manual, which lays out the framework for the Academy Trust's financial management, including financial responsibilities of the Board of Trustees, Headteacher, managers, budget holders and other staff, as well as the delegated authorities for spending. The other financial policies reviewed and adopted during the period included Charges and Lettings, Asset Management and Insurance.

a. Reserves policy

The governors review the reserve levels of the academy trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors have determined that an appropriate level of free reserves should be equivalent to one month of wages and salaries. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves (total funds less the amount held in fixed assets and LGPS liability) is £734,000 (2019: £663,000).

Although the current level of free reserves is above the target level identified above, the Trustees expectation is that these reserves will be utilised over the next few years to fund the ongoing development, including the need to retain key staff in light of the increasing cost pressures in future years and the impact of lagged funding over the next couple of years as student numbers continue to increase. They will also be used to repay the CIF loan of £170,000 in relation to the Sixth Form Block that opened in February 2020.

The value of the restricted fixed asset fund at 31 August 2020 is £5,412,000 (2019: £5,432,000), which is represented by the fixed assets that are used exclusively for providing education and associated support services to the students of the Trust. These funds can only be realised by disposing of the associated tangible fixed assets.

The pension reserve fund has a deficit balance at 31 August 2020 of £2,656,000, which represents the deficit in the LGPS at the balance sheet date. The effect of the LGPS deficit is that Academy Trust is required to make additional pension contributions over a number of years in order to fund the deficit. These additional pension contributions will be funded from the Trust's annual recurring income, which may significantly impact its ability to continue to deliver its educational outcomes with the available public funding it receives. The Trustees have noted however that the Government has provided a guarantee that in the event of an Academy closure, any outstanding LGPS liabilities would be met by the Department for Education.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review (continued)

The Coronavirus outbreak may change the reserves policy due to having to procure additional handwashing facilities, employing additional cleaning and midday staff, significantly increased cleaning material costs among other things. This will be monitored over the coming months and the school will ensure any additional government funding that becomes available is used to offset these costs where possible.

b. Investment policy

All funds surplus to immediate requirements are invested to optimal effect by the Academy Trust with the objective of ensuring maximum return on assets invested but with minimal risk. On a daily basis this is achieved by automatic transfer of surplus funds to an overnight deposit account with the Academy Trust's principal bankers. Where cash flow allows, sums in excess of £250,000 may be invested on deposit for extended periods with the Academy Trust's principal bankers or other reputable financial institutions.

In March 2020, £100,000 was placed in a 32 day notice bank account to ring fence funds for the final payment for the Sixth Form Block to the main contractors and also for the Section 106 monies due to the local authority that are yet to be invoiced.

c. Principal risks and uncertainties

The Governors have assessed the major risks to which the Academy Trust is exposed, especially in the operational areas, such as in relation to teaching, health & safety, safeguarding and school trips, and in relation to the control of finances and strategic development of the Trust. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk and have agreed a Risk Management Strategy and Risk Management Plan, which incorporates a Risk Register.

Where significant financial risk still remains, the Governors have ensured the Academy Trust has adequate insurance cover in place. The Risk Management Plan is constantly reviewed in light of any new information and formally reviewed annually.

The principal risks and uncertainties facing the Academy Trust are as follows:

Educational

The continuing success of the Academy Trust is dependent on continuing to attract pupil applicants in sufficient numbers by maintaining the highest educational standards across all key stages. To mitigate this risk, the Governors ensure that pupil success and achievement are closely monitored and reviewed, with corrective actions embedded at an early stage, and that relationships and partnerships with parents, the local community and other organisations and groups are maintained and are effective in producing a cohesive and supportive community.

Coronavirus and any further full or partial lockdowns may have an impact on students' outcomes. Whilst the school will endeavour to maintain the high standards of education it provides, funding may not be available to address the technology divide that our students face. As such, the school has decided that any student without access to IT or without internet connection will be included as a vulnerable child and will remain in school should lockdown be invoked.

Safeguarding and child protection

The Governors 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.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review (continued)

The school will continue to support its most vulnerable students in light of Coronavirus when the school is open or during periods of lockdown/isolation. Contact strategies are in place, including home visits, to reduce any additional risk as far as is reasonably practicable.

Financial

The Academy Trust has considerable reliance on continued Government funding through the ESFA (and Local Authority). In the year, approximately 97% of the Academy Trust's income (excluding amounts transferred on conversion from the Local Authority or amounts transferred from other academies joining the Trust) was ultimately Government funded. Whilst this level is expected to continue, 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, particularly in light of continuing changes in the National Funding Formula for schools.

Continuing increases in employment costs, including pension costs associated with both the Teachers' Pension Scheme and the Local Government Pension Scheme, and premises costs will also continue to place significant pressure on the Trust's financial position and its ability to deliver balanced budgets in the future.

The Governors review the financial health of the Academy Trust formally every month, reviewing performance against budgets and receiving update reports from the Resources Committee. The Resources Committee also reviews the financial performance and position of the Academy Trust every month, reviewing the latest management accounts and reports from the Chief Financial Officer, while the Chair of Governors also receives and reviews the monthly management accounts.

The provision of a "Covid secure" school will have long term implications on the school's budget, particularly around staffing and cleaning material costs. These are yet to be fully understood but are being tracked through the school's accounting system.

Brexit continues to represent a risk to the finances of the school due to continuing uncertainty around trade deals and resulting cost implications to supplies and services sourced by the school.

Staffing

The success of the Academy Trust is reliant on the quality of its staff so the Governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Whilst Coronavirus presents a varying level of threat to staff depending on their underlying health conditions and those of their household members, it has also meant a significant step change in the ways of working for all school staff. Workload changes and adaptations are expected to create an increase in wellbeing concerns of some staff members. This is to be closely monitored by the leadership team and, for the leadership team in particular, by the Governors.

Failures in governance and / or management

The risk in this area arises from the potential failure to effectively manage the Academy Trust's finances, internal controls, compliance with regulations and legislation, statutory returns etc. The Governors continue to review and ensure appropriate measures are in place to mitigate these risks, which includes those relating to fraud and mismanagement of funds.

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review (continued)

Fraud and mismanagement of funds

The Academy Trust has engaged L Forrester of the Lumen Christi MAC as responsible officer (RO) to perform a program of work aimed at checking and reviewing the financial systems and records as required by the Academies Financial Handbook. Due to the Covid 19 lockdown, the Spring RO visit was completed remotely by a governor from the Standards Committee. With L Forrester leaving her role at Lumen Christi, a new agreement was entered into with the St Teresa of Calcutta MAC with effect from the Summer visit and their CFO, C Burge completed that review and those moving forward in a reciprocal agreement. All finance staff receive training to keep them up to date with financial practice requirements and to develop their skills in this area.

At the balance sheet date, the Academy Trust had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on the Academy Trust's liquidity.

The Governors recognise that the LGPS deficit represents a significant potential liability to the Academy Trust. However, as the Governors consider the Academy Trust is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

Fundraising

The Academy Trust raises funds for specific projects that will enhance the learning experience and environment for existing and future students, where funds cannot be accessed via existing channels such as government education funding. Fundraising is primarily undertaken by staff or students, no professional fundraisers or commercial participators work with the Trust currently. Fundraising is undertaken in line with the Fundraising Regulator's Code of Fundraising Practice and is monitored by the central finance function of the Trust. The Academy Trust is mindful of the requirement to protect the public, particularly vulnerable people, from unreasonably intrusive or persistent fundraising approaches or undue pressure to donate. No complaints have been received in respect of fundraising activities, the general complaints policy of the Trust would be applicable if so.

Plans for future periods

The Academy Trust strives to continually improve levels of attainment for all pupils, equipping them with the qualifications, skills and character to follow their chosen pathway, whether it is into further and higher education or employment, as well as promoting the continued professional development of its staff.

The Academy Trust's plans for future periods are focussed around:

Quality of education

- Following extended closure establish high standards of expectation and quality of education whilst responding to necessary curriculum changes whether internally agreed or externally imposed.
- Curriculum development to ensure best practice in understanding intent and implementation of curriculum.
- Further embed metacognition, revision retention and retrieval and interleaving.
- Reduce in school variation.
- Ensure accuracy and consistency of moderation and data. Calculation of Center Assessed grades have highlighted areas of inaccuracy in some subjects.
- Continue to improve outcomes and progress in maths.
- Ensure that disadvantaged students attainment enables them to make appropriate next steps and access a "world of opportunities" in line with pre-closure expectations.
- Maintain progress of LPA (Class 2021) Yr 10 March 2020 0.314.
- Progress of HPA at all KS (Class 2021) Yr 10 March 2020 0.319 (whole cohort 0.443), Yr 12 VA – 0.272

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Plans for future periods (continued)

- Ensure all staff including those new to the school have a good understanding of AFL strategies and use them to consistently support effective teaching and learning.

Behaviour & attitudes

- Implement Jan 2020 review changes, environment, structure and intervention. Plan, do, review cycle shows impact on actions.
- Review and development of the culture of praise and further embedding core values.
- High quality CPD enables all teachers and tutors to be effective in their implementation of Behaviour for learning strategies in their teaching and tutoring to ensure engagement of all. With a specific focus on students with social and emotional needs.

Personal development.

- Further build on the positive and address the challenges arising from extended school closure and specifically Coronavirus.
- Statutory RSE curriculum, resources and policy fully delivered.
- Promote participation of sixth form, SEND, PP students in leadership and enrichment opportunities.
- Continue to promote School vision and values, the language of SMSC, British Values, principles of Character and Cultural Education across the school.

Leadership & management

- Following Coronavirus Closure a vigilant awareness of Students and Staff ongoing mental health and wellbeing.
- Further develop Middle leaders, involving Pastoral and Subject Leaders more in earlier planning and development.
- Review reasons for and address % of staff periods of absence.

Sixth Form

- Continue to improve outcomes in the sixth form.

These priorities are subject to change in light of any future Coronavirus related events.

Funds held as custodian on behalf of others

The Academy Trust and its Trustees do not act as Custodian Trustees of any other charity.

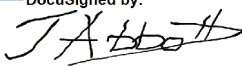
The Academy does however hold Post 16 Bursary Funds on behalf of the ESFA, which are distributed to students as required and in line with the terms and conditions of the funds.

Disclosure of information to auditor

Insofar as the governors are aware:

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

The Governors' report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on 17 December 2020 and signed on its behalf by:

DocuSigned by:

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J Abbott
Chair of Governors

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

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

The board of governors 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 Kings Norton Girls' School and the Secretary of State for Education. They are also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance

The information on governance included here supplements that described in the Governors' report and in the Statement of Governors' responsibilities. The board of governors has formally met 4 times during the year.

Attendance during the year at meetings of the board of governors was as follows:

| Governor | Meetings attended | Out of a possible |
|-----------------|-------------------|-------------------|
| J Abbott | 3 | 4 |
| N Bi | 2 | 4 |
| J Couperthwaite | 4 | 4 |
| U Doerry | 1 | 1 |
| P Fellows | 1 | 4 |
| D Gilman | 3 | 4 |
| D Green | 2 | 3 |
| K Mack | 4 | 4 |
| N Raggett | 4 | 4 |
| K Reynolds | 2 | 4 |
| S Roberts | 2 | 4 |
| V Walsh | 4 | 4 |
| K Ward | 4 | 4 |
| P Webb | 3 | 4 |

The Board of Governors reviewed the Trust's governance structure during the year to evaluate its impact and effectiveness. The Board of Governors has a wide range of skills that contribute to the successful governance of the Trust and are satisfied that the current structure in place is appropriate and effective for the Trust.

The Board of Governors met formally 4 times during the financial year. Although the Board of Governors meets less than six times a year, they have maintained effective financial oversight and governance through the formal work undertaken by the Resources Committee as detailed further below. This is a sub-Committee of the Board of Trustees and they met 5 times during the year. The minutes of these sub-Committee meetings are provided to the full Board of Trustees and the Chairs of these sub-Committees report to each full Board of Trustee meeting on the key matters considered at their meetings and the impact for consideration by the full Board of Trustees.

Due to the Coronavirus lockdown, Board and Committee meetings were held via Microsoft teams at the previously arranged dates. An additional meeting was held in May 2020 to finalise and ratify the risk assessment and processes for wider opening effective from mid-June and also in relation to Centre Assessed Grades in lieu of the summer exams which were cancelled.

The Resources Committee is a sub-Committee of the Board of Governors. Its purpose is to provide oversight, guidance and assistance to the Board of Governors on all matters related to finance, resources, premises and Health & Safety of the Academy Trust. This committee also acts as the Academy Trust's Audit Committee, where its purpose is to maintain an oversight of the Trust's governance, risk management, internal control and value for money framework.

Attendance during the year at meetings was as follows:

| Governor | Meetings attended | Out of a possible |
|------------|-------------------|-------------------|
| J Abbott | 5 | 5 |
| D Green | 4 | 4 |
| K Mack | 4 | 5 |
| N Raggett | 5 | 5 |
| K Reynolds | 4 | 5 |
| S Roberts | 3 | 5 |
| K Ward | 5 | 5 |

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The key issue dealt with by the Finance Committee during the year was the review of the Academy Trust's 3-year financial forecasts and the actions required to address the reduced funding expected over this period the review of the reports received from the Responsible Officer in relation to the Trust's systems of internal control and the actions undertaken to address the control weaknesses identified.

The Standards Committee is also a sub-committee of the main governing body. Its purpose is to hold the board of Governors to account for the curriculum offer, to review the impact of curriculum provision ensuring that requirements and relevant legislation are met including SEND requirements. They ensure that SEND needs are met as per the Code of Practice with an annual report from the SENCo. They also monitor and evaluate enrichment activities, extended provision and extra-curricular activities.

Attendance during the year at meetings was as follows:

| Governor | Meetings attended | Out of a possible |
|-----------------|-------------------|-------------------|
| N Bi | 5 | 5 |
| J Couperthwaite | 5 | 5 |
| P Fellows | 1 | 5 |
| D Gilman | 5 | 5 |
| D Green | 5 | 5 |
| N Raggett | 5 | 5 |
| V Walsh | 3 | 5 |
| P Webb | 3 | 5 |

The Pay Committee is also a sub-committee of the Board of Governors. Its purpose is to achieve the aims of the whole school pay policy in a fair and equal manner and apply the criteria set by the whole school pay policy in determining the pay of each member of staff at the annual review within all statutory and contractual obligations. The committee has to recommend to the Board of Governors the annual budget needed for pay, bearing in mind the need to ensure the availability of monies to support any exercise of discretion and keep abreast of relevant developments and to advise the Board of Trustees when the School's pay policy needs to be revised. Finally, it must carry out the appraisal of the Headteacher and work with the Headteacher in ensuring that the Board of Governors complies with the Appraisal Regulations.

Attendance during the year at meetings was as follows:

| Governor | Meetings attended | Out of a possible |
|-----------------|-------------------|-------------------|
| J Abbott | 2 | 2 |
| J Couperthwaite | 2 | 2 |
| D Green | 2 | 2 |
| K Ward | 2 | 2 |

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

- Moving payroll provider to a better value supplier
- Using the HP trade in scheme to purchase IT equipment via the Crescent Purchasing Consortium
- Reviewing staffing structures and changing contracts to term time only from full year
- Reviewing staffing profiles and employing newly qualified teachers to balance the profile and generate payroll savings
- Assessing support staff vacancies and using supply agency staff in lieu of direct employment contracts as appropriate
- Reviewing premises SLAs and changing providers as appropriate

During the Coronavirus lockdown, the Academy Trust continued to pay its suppliers in line with government Procurement Policy Notes. Value for Money was only impacted in one area, catering, whereby the school is contracted to a third party. No school meals were delivered during the lockdown period as FSM vouchers were provided via Edenred (at no cost to the school other than staff administration time) however, the school was still invoiced for staffing costs, management fees, depreciation and fixed overheads. The catering company have made claims through the Furlough scheme and will be returning all reconciled amounts to Kings Norton Girls' School in the Autumn of 2020.

As the school was operational throughout the lockdown period, other supplies and services were maintained and carried out during the period.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Kings Norton Girls' School for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of governors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of governors.

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of governors
- regular reviews by the 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
- identification and management of risks

The board of governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Lana Forrester, the Business Manager of Lumen Christi MAC, to perform a peer review.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- review of and testing of income recognition and recording systems and procedures
- review of and testing of payroll systems and procedures
- review of and testing of procurement systems and procedures
- review of and testing of bank control procedures
- review of management information preparation procedures, including information prepared for and presented to the Board of Trustees
- review of key school policies and procedures
- review of governance

On a termly basis, the reviewer reports to the board of governors through the finance and general purposes committee on the operation of the systems of control and on the discharge of the governors' financial responsibilities. This continued until Coronavirus lock down. For the Spring review, a Trustee from the Standards Committee carried out the review remotely with the Business Manager.

The reviewer has delivered their program of work during the year ended 31 August 2019 as planned. While no significant internal control weaknesses were identified from the work completed, the Governors and management have developed an action plan to continue to strengthen and improve internal controls over the next 12 months.

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

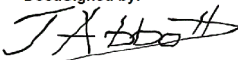
Review of effectiveness

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 Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the school resource management self-assessment tool;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and general purposes committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of governors and signed on their behalf by:

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J Abbott
Chair of Governors
Date: 17 December 2020

DocuSigned by:

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N Raggett
Accounting Officer

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Kings Norton Girls' School I have considered my responsibility to notify the academy trust board of governors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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

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N Raggett
Accounting Officer
Date: 15 December 2020

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

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

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

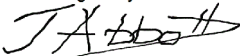
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 governors 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 governors 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 governors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of governors and signed on its behalf by:

DocuSigned by:

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J Abbott
Chair of Governors
Date: 17 December 2020

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KINGS
NORTON GIRLS' SCHOOL**

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KINGS NORTON GIRLS' SCHOOL (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KINGS
NORTON GIRLS' SCHOOL (CONTINUED)**

Responsibilities of trustees

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

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

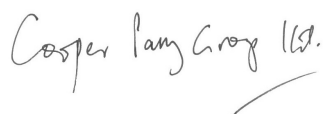
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the academy trust'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 trust's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Nicholas Simkins FCA (Senior statutory auditor)

for and on behalf of

Cooper Parry Group Limited

Chartered Accountants

Statutory Auditor

One Central Boulevard

Blythe Valley Business Park

Solihull

West Midlands

B90 8BG

Date: 14 December 2020

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KINGS
NORTON GIRLS' SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 26 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kings Norton Girls' School during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Kings Norton Girls' School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Kings Norton Girls' School's funding agreement with the Secretary of State for Education dated 24 February 2011 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

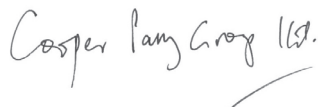
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw our conclusions included:

- Reviewing the internal control policies and procedures implemented by the Academy Trust and evaluating their design and effectiveness to understand how the Academy Trust has complied with the framework of authorities;
- Reviewing the minutes of meetings of the Trustees, relevant sub-committees and other evidence made available to us, relevant to our consideration of regularity;
- Enquiries of the Accounting Officer, including reviewing the work undertaken by the Accounting Officer in relation to their Statement on Regularity, Propriety and Compliance; and
- Detailed testing of the income and expenditure of the Academy Trust based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit of the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

Conclusion

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



Cooper Parry Group Limited
Chartered Accountants
Statutory Auditor

Date: 14 December 2020

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

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

| | Note | Unrestricted funds 2020 £000 | Restricted funds 2020 £000 | Restricted fixed asset funds 2020 £000 | Total funds 2020 £000 | Total funds 2019 £000 |
|---|------|---------------------------------------|-------------------------------------|--|--------------------------------|--------------------------------|
| Income from: | | | | | | |
| Donations and capital grants | 3 | 5 | - | 24 | 29 | 1,568 |
| Charitable activities | | 100 | 5,473 | - | 5,573 | 5,281 |
| Other trading activities | | 36 | - | - | 36 | 31 |
| Investments | 6 | 1 | - | - | 1 | 1 |
| Total income | | <u>142</u> | <u>5,473</u> | <u>24</u> | <u>5,639</u> | <u>6,881</u> |
| Expenditure on: | | | | | | |
| Charitable activities | | 77 | 5,549 | 110 | 5,736 | 5,467 |
| Total expenditure | | <u>77</u> | <u>5,549</u> | <u>110</u> | <u>5,736</u> | <u>5,467</u> |
| Net income/(expenditure) | | <u>65</u> | <u>(76)</u> | <u>(86)</u> | <u>(97)</u> | <u>1,414</u> |
| Transfers between funds | 18 | (23) | (43) | 66 | - | - |
| Net income/(expenditure) | | <u>42</u> | <u>(119)</u> | <u>(20)</u> | <u>(97)</u> | <u>1,414</u> |
| Other recognised gains/(losses): | | | | | | |
| Actuarial (losses)/gains on defined benefit pension schemes | 26 | - | (705) | - | (705) | (268) |
| Net movement in funds | | <u>42</u> | <u>(824)</u> | <u>(20)</u> | <u>(802)</u> | <u>1,146</u> |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | | 468 | (1,608) | 5,432 | 4,292 | 3,146 |
| Net movement in funds | | 42 | (824) | (20) | (802) | 1,146 |
| Total funds carried forward | | <u>510</u> | <u>(2,432)</u> | <u>5,412</u> | <u>3,490</u> | <u>4,292</u> |

The Statement of financial activities includes all gains and losses recognised in the year.

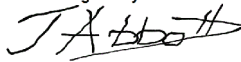
The notes on pages 32 to 54 form part of these financial statements.

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07563329

BALANCE SHEET
AS AT 31 AUGUST 2020

| | Note | 2020 £000 | 2019 £000 |
|---|------|--------------|--------------|
| Fixed assets | | | |
| Tangible assets | 13 | 5,582 | 4,770 |
| Current assets | | | |
| Debtors | 14 | 95 | 518 |
| Cash at bank and in hand | | 807 | 1,033 |
| | | 902 | 1,551 |
| Creditors: amounts falling due within one year | 15 | (187) | (226) |
| Net current assets | | 715 | 1,325 |
| Creditors: amounts falling due after more than one year | 16 | (151) | - |
| Net assets excluding pension liability | | 6,146 | 6,095 |
| Defined benefit pension scheme liability | 26 | (2,656) | (1,803) |
| Total net assets | | 3,490 | 4,292 |
| Funds of the academy trust | | | |
| Restricted funds: | | | |
| Fixed asset funds | 18 | 5,412 | 5,432 |
| Restricted income funds | 18 | 224 | 195 |
| Pension reserve | 18 | (2,656) | (1,803) |
| Total restricted funds | 18 | 2,980 | 3,824 |
| Unrestricted income funds | 18 | 510 | 468 |
| Total funds | | 3,490 | 4,292 |

The financial statements on pages 29 to 54 were approved and authorised for issue by the governors and are signed on their behalf, by:

DocuSigned by:

1E9C31940FD640A...

J Abbott
Chair of Governors
Date: 17 December 2020

The notes on pages 32 to 54 form part of these financial statements.

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

| | Note | 2020 £000 | 2019 £000 |
|---|-------------|----------------------------|----------------------------|
| Cash flows from operating activities | | | |
| Net cash provided by/(used in) operating activities | 20 | 501 | (250) |
| Cash flows from investing activities | | | |
| | 22 | (897) | 663 |
| Cash flows from financing activities | | | |
| | 21 | 170 | - |
| | | <hr/> | <hr/> |
| Change in cash and cash equivalents in the year | | (226) | 413 |
| Cash and cash equivalents at the beginning of the year | | 1,033 | 620 |
| Cash and cash equivalents at the end of the year | 23, 24 | <hr/> <hr/> | <hr/> <hr/> |
| | | 807 | 1,033 |

The notes on pages 32 to 54 form part of these financial statements

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, 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.

1.2 Going concern

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

1.3 Income

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

• **Grants**

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

General Annual Grant is recognised in full in the Statement of financial activities in the year for which it is receivable and any abatement in respect of the 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 trust has provided the goods or services.

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.4 Expenditure

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following basis:

| | | |
|------------------------|---|-----|
| Leasehold property | - | 2% |
| Furniture and fixtures | - | 20% |
| Computer equipment | - | 33% |

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

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.

1.6 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.

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.7 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.

1.8 Liabilities

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

1.9 Financial instruments

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

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 notes 15 and 16. 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.

1.10 Taxation

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

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

1.11 Operating leases

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

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.12 Pensions

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

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

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

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

1.13 Agency arrangements

The Academy Trust 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 as the Academy Trust does not have control over the charitable application of the funds. The Academy Trust can use a percentage of allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at period end are disclosed in note 28.

1.14 Fund accounting

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

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

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

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

KINGS NORTON GIRLS' SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

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

Tangible fixed assets are depreciated over their economic useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

Critical areas of judgement:

The classification of expenditure between restricted and unrestricted funds is deemed as a critical area of judgement as certain expenditure can be applied to both funds. Where this is the case and the amounts in question are considered material the expenditure is apportioned to both funding streams on an appropriate basis.

The academy trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet

3. Income from donations and capital grants

| | Unrestricted funds 2020 £000 | Restricted funds 2020 £000 | Total funds 2020 £000 | Total funds 2019 £000 |
|-------------------|---|---|--|--|
| Donations | 5 | - | 5 | - |
| Capital Grants | - | 24 | 24 | 1,568 |
| Total 2020 | 5 | 24 | 29 | 1,568 |
| Total 2019 | - | 1,568 | 1,568 | |

KINGS NORTON GIRLS' SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

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

| | Unrestricted funds 2020 £000 | Restricted funds 2020 £000 | Total funds 2020 £000 | Total funds 2019 £000 |
|---|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| DfE/ESFA grants | | | | |
| General Annual Grant (GAG) | - | 4,946 | 4,946 | 4,841 |
| Other DfE / ESFA Grants | - | 518 | 518 | 309 |
| | - | 5,464 | 5,464 | 5,150 |
| Other Government grants | | | | |
| Local authority grants | - | 9 | 9 | 20 |
| | - | 9 | 9 | 20 |
| Other income from the academy's trust's educational operations | 100 | - | 100 | 111 |
| Total 2020 | 100 | 5,473 | 5,573 | 5,281 |
| Total 2019 | 111 | 5,170 | 5,281 | |

5. Income from other trading activities

| | Unrestricted funds 2020 £000 | Total funds 2020 £000 | Total funds 2019 £000 |
|--------------|---------------------------------------|--------------------------------|--------------------------------|
| Other income | 36 | 36 | 31 |

6. Investment income

| | Total funds 2020 £000 | Total funds 2019 £000 |
|---------------------|--------------------------------|--------------------------------|
| Short term deposits | 1 | 1 |

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

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

7. Expenditure

| | Staff Costs | Premises | Other | Total | Total |
|---------------------------------------|--------------------|-----------------|--------------|--------------|--------------|
| | 2020 | 2020 | 2020 | 2020 | 2019 |
| | £000 | £000 | £000 | £000 | £000 |
| Academy trust educational operations: | | | | | |
| Direct costs | 3,902 | - | 257 | 4,159 | 3,783 |
| Allocated support costs | 927 | 353 | 297 | 1,577 | 1,684 |
| Total 2020 | <u>4,829</u> | <u>353</u> | <u>554</u> | <u>5,736</u> | <u>5,467</u> |
| Total 2019 | <u>4,559</u> | <u>310</u> | <u>598</u> | <u>5,467</u> | |

8. Analysis of expenditure by activities

| | Activities | Support | Total | Total |
|--------------------------------------|-------------------|----------------|--------------|--------------|
| | undertaken | costs | funds | funds |
| | directly | 2020 | 2020 | 2019 |
| | 2020 | £000 | £000 | £000 |
| | £000 | £000 | £000 | £000 |
| Academy trust educational operations | 4,159 | 1,577 | 5,736 | 5,467 |
| Total 2019 | <u>3,783</u> | <u>1,684</u> | <u>5,467</u> | |

KINGS NORTON GIRLS' SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

8. Analysis of expenditure by activities (continued)

Analysis of support costs

| | Total funds 2020 £000 | Total funds 2019 £000 |
|-------------------|--|--|
| Staff costs | 927 | 1,057 |
| Depreciation | 110 | 96 |
| Technology | 42 | 54 |
| Premises | 243 | 205 |
| Trip | 43 | 78 |
| Catering | 47 | 37 |
| Recruitment | 9 | 2 |
| Other support | 134 | 139 |
| Governance | 22 | 16 |
| Total 2020 | 1,577 | 1,684 |

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

| | 2020 £000 | 2019 £000 |
|---------------------------------------|----------------------|----------------------|
| Depreciation of tangible fixed assets | 110 | 96 |
| Fees paid to auditor for: | | |
| - audit | 10 | 9 |
| - other services | 2 | 2 |

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

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

10. Staff

a. Staff costs

Staff costs during the year were as follows:

| | 2020 | 2019 |
|-----------------------|--------------|--------------|
| | £000 | £000 |
| Wages and salaries | 3,538 | 3,458 |
| Social security costs | 342 | 298 |
| Pension costs | 899 | 740 |
| | <u>4,779</u> | <u>4,496</u> |
| Agency staff costs | 50 | 63 |
| | <u>4,829</u> | <u>4,559</u> |

b. Staff numbers

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

| | 2020 | 2019 |
|----------------------------|-------------|-------------|
| | No. | No. |
| Teachers | 60 | 62 |
| Administration and support | 42 | 46 |
| Management | 7 | 7 |
| | <u>109</u> | <u>115</u> |

The average headcount expressed as full-time equivalents was:

| | 2020 | 2019 |
|----------------------------|-------------|-------------|
| | No. | No. |
| Teachers | 56 | 56 |
| Administration and support | 28 | 33 |
| Management | 7 | 7 |
| | <u>91</u> | <u>96</u> |

KINGS NORTON GIRLS' SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

10. Staff (continued)

c. Higher paid staff

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

| | 2020 | 2019 |
|-------------------|-------------|-------------|
| | No. | No. |
| £60,001 - £70,000 | 2 | 3 |
| £70,001 - £80,000 | 1 | 1 |
| £80,001 - £90,000 | 1 | - |
| | 1 | - |

d. Key management personnel

The key management personnel of the academy trust comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £624,000 (2019 £570,000).

11. Governors' remuneration and expenses

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

| | | 2020 | 2019 |
|-----------|----------------------------|-------------|-------------|
| | | £000 | £000 |
| V Walsh | Remuneration | 40 - 45 | 40 - 45 |
| | Pension contributions paid | 10 - 15 | 5 - 10 |
| N Bi | Remuneration | 25 - 30 | 15 - 20 |
| | Pension contributions paid | - | 5 - 10 |
| N Raggett | Remuneration | 80 - 85 | 75 - 80 |
| | Pension contributions paid | 15 - 20 | 15 - 20 |

During the year ended 31 August 2020, no governor expenses have been incurred (2019 - £NIL).

12. Governors' and Officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2020 was £172 (2019 - £201). The cost of this insurance is included in the total insurance cost.

KINGS NORTON GIRLS' SCHOOL
(A company limited by guarantee)

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

13. Tangible fixed assets

| | Leasehold property £000 | Furniture and equipment £000 | Computer equipment £000 | Assets under construction £000 | Total £000 |
|---------------------------|-------------------------------|---------------------------------------|-------------------------------|---|---------------|
| Cost or valuation | | | | | |
| At 1 September 2019 | 4,330 | 144 | 282 | 955 | 5,711 |
| Additions | - | 24 | 63 | 835 | 922 |
| Transfers between classes | 1,790 | - | - | (1,790) | - |
| At 31 August 2020 | 6,120 | 168 | 345 | - | 6,633 |
| Depreciation | | | | | |
| At 1 September 2019 | 566 | 124 | 251 | - | 941 |
| Charge for the year | 97 | 3 | 10 | - | 110 |
| At 31 August 2020 | 663 | 127 | 261 | - | 1,051 |
| Net book value | | | | | |
| At 31 August 2020 | 5,457 | 41 | 84 | - | 5,582 |
| At 31 August 2019 | 3,764 | 20 | 31 | 955 | 4,770 |

Land is included in the total leasehold land and buildings valuation at a value of £385,000 (2019 £385,000) and is not depreciated.

14. Debtors

| | 2020 £000 | 2019 £000 |
|--------------------------------|--------------|--------------|
| Due within one year | | |
| Other debtors | 7 | 61 |
| Prepayments and accrued income | 88 | 457 |
| | 95 | 518 |
| | 95 | 518 |

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

15. Creditors: Amounts falling due within one year

| | 2020 | 2019 |
|------------------------------------|-------------------|-------------------|
| | £000 | £000 |
| Other loans | 19 | - |
| Other taxation and social security | 86 | 82 |
| Accruals and deferred income | 82 | 144 |
| | <u>187</u> | <u>226</u> |
| | <u><u>187</u></u> | <u><u>226</u></u> |

See Note 16 for further details on the other loans balance.

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

| | 2020 | 2019 |
|-------------|-------------------|-----------------|
| | £000 | £000 |
| Other loans | 151 | - |
| | <u>151</u> | <u>-</u> |
| | <u><u>151</u></u> | <u><u>-</u></u> |

Included within other loans due after more than one year is one CIF loan totalling £170,000 (see note 15 for element due in less than one year). This is a 10 year loan, interest is payable at 2.2% as set by the Public Work Loans Board annuity rate at 9 October 2019. The loan funded the capital works on the sixth form building.

17. Accruals and deferred income

| | 2020 | 2019 |
|--|------------------|------------------|
| | £000 | £000 |
| Deferred income at 1 September 2019 | 56 | 56 |
| Resources deferred during the year | 37 | 56 |
| Amounts released from previous periods | (56) | (56) |
| Deferred income at 31 August 2020 | <u>37</u> | <u>56</u> |
| | <u><u>37</u></u> | <u><u>56</u></u> |

Deferred income at the balance sheet date is represented by grant funds and other educational activities funds received in advance which relate to activities that will be undertaken during the year ending 31 August 2021

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18. Statement of funds

| | Balance at 1 September 2019 £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (Losses) £000 | Balance at 31 August 2020 £000 |
|-------------------------------------|---|---------------------|-----------------------|-----------------------------|----------------------------|---|
| Unrestricted funds | | | | | | |
| General funds | 445 | 142 | (77) | - | - | 510 |
| Ringfenced funds | 23 | - | - | (23) | - | - |
| | <u>468</u> | <u>142</u> | <u>(77)</u> | <u>(23)</u> | <u>-</u> | <u>510</u> |
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | 195 | 4,946 | (4,874) | (43) | - | 224 |
| Other DfE / ESFA grants | - | 518 | (518) | - | - | - |
| Other grants | - | 9 | (9) | - | - | - |
| Pension reserve | (1,803) | - | (148) | - | (705) | (2,656) |
| | <u>(1,608)</u> | <u>5,473</u> | <u>(5,549)</u> | <u>(43)</u> | <u>(705)</u> | <u>(2,432)</u> |
| Restricted fixed asset funds | | | | | | |
| Transfer on conversion | 2,875 | - | (70) | - | - | 2,805 |
| DfE / ESFA capital grants | 1,821 | 24 | (29) | - | - | 1,816 |
| Capital expenditure from GAG | 736 | - | (11) | 66 | - | 791 |
| | <u>5,432</u> | <u>24</u> | <u>(110)</u> | <u>66</u> | <u>-</u> | <u>5,412</u> |
| Total Restricted funds | <u>3,824</u> | <u>5,497</u> | <u>(5,659)</u> | <u>23</u> | <u>(705)</u> | <u>2,980</u> |
| Total funds | <u><u>4,292</u></u> | <u><u>5,639</u></u> | <u><u>(5,736)</u></u> | <u><u>-</u></u> | <u><u>(705)</u></u> | <u><u>3,490</u></u> |

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

18. Statement of funds (continued)

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

The General Annual Grant funding must be used for the normal running costs of the Academy Trust in line with the Trust's charitable objects and the terms and conditions of the Trust's funding agreement.

Other DfE / ESFA grants includes the pupil premium funding which must be used to support children from families on low income or children in care. Also included is Teacher Pay grants and Teachers' Pension grants, and are all used in accordance with the specific restrictions of the individual grants and funding provided.

Other grants includes other Local Authority funding and other restricted income, and are all used in accordance with the specific restrictions of the individual grants and funding provided.

The Pension reserve represents the Local Government Pension Scheme deficit.

Restricted fixed asset funds represent the investment in fixed assets, net of accumulated depreciation, and includes the value of fixed assets transferred to the Academy Trust on conversion of the Schools within the Academy Trust and the value of fixed assets transferred from academies joining the Trust in the current or previous years, together with any capital expenditure funded from restricted or unrestricted funds. Unspent capital grants and capital income are also held in this fund and their use is restricted to the capital projects for which the grant awarded.

In the above table, £66k of funds were transferred into restricted fixed asset funds from designated reserves (£23k) and GAG (£43k) to fund the excess of fixed asset additions in the period over available capital funding.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

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18. Statement of funds (continued)

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

| | Balance at 1 September 2018 £000 | Income £000 | Expenditure £000 | Gains / (Losses), Transfers £000 | Balance at 31 August 2019 £000 |
|-------------------------------------|---|------------------------|-----------------------------|---|---|
| Unrestricted funds | | | | | |
| General funds | 434 | 143 | (109) | (23) | 445 |
| Ringfenced funds | - | - | - | 23 | 23 |
| | <u>434</u> | <u>143</u> | <u>(109)</u> | <u>-</u> | <u>468</u> |
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 114 | 4,841 | (4,760) | - | 195 |
| Other DfE / ESFA grants | - | 309 | (309) | - | - |
| Other grants | - | 20 | (20) | - | - |
| Pension reserve | (1,362) | - | (173) | (268) | (1,803) |
| | <u>(1,248)</u> | <u>5,170</u> | <u>(5,262)</u> | <u>(268)</u> | <u>(1,608)</u> |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | 2,955 | - | (80) | - | 2,875 |
| DfE / ESFA capital grants | 257 | 1,568 | (4) | - | 1,821 |
| Capital expenditure from GAG | 748 | - | (12) | - | 736 |
| | <u>3,960</u> | <u>1,568</u> | <u>(96)</u> | <u>-</u> | <u>5,432</u> |
| Total Restricted funds | <u>2,712</u> | <u>6,738</u> | <u>(5,358)</u> | <u>(268)</u> | <u>3,824</u> |
| Total funds | <u>3,146</u> | <u>6,881</u> | <u>(5,467)</u> | <u>(268)</u> | <u>4,292</u> |

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

19. Analysis of net assets between funds

Analysis of net assets between funds - current period

| | Unrestricted funds 2020 £000 | Restricted funds 2020 £000 | Restricted fixed asset funds 2020 £000 | Total funds 2020 £000 |
|--|---|---|---|--|
| Tangible fixed assets | - | - | 5,582 | 5,582 |
| Current assets | 510 | 392 | - | 902 |
| Creditors due within one year | - | (168) | (19) | (187) |
| Creditors due in more than one year | - | - | (151) | (151) |
| Provisions for liabilities and charges | - | (2,656) | - | (2,656) |
| Total | 510 | (2,432) | 5,412 | 3,490 |

Analysis of net assets between funds - prior period

| | Unrestricted funds 2019 £000 | Restricted funds 2019 £000 | Restricted fixed asset funds 2019 £000 | Total funds 2019 £000 |
|--|---|---|---|--|
| Tangible fixed assets | - | - | 4,770 | 4,770 |
| Current assets | 468 | 393 | 690 | 1,551 |
| Creditors due within one year | - | (198) | (28) | (226) |
| Provisions for liabilities and charges | - | (1,803) | - | (1,803) |
| Total | 468 | (1,608) | 5,432 | 4,292 |

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

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

| | 2020 | 2019 |
|--|-------------|--------------|
| | £000 | £000 |
| Net (expenditure)/income for the period (as per Statement of financial activities) | (97) | 1,414 |
| | <hr/> | <hr/> |
| Adjustments for: | | |
| Depreciation | 110 | 96 |
| Capital grants from DfE and other capital income | (24) | (1,568) |
| Interest receivable | (1) | (1) |
| Defined benefit pension scheme cost less contributions payable | 116 | 138 |
| Defined benefit pension scheme finance cost | 32 | 35 |
| Decrease/(increase) in debtors | 423 | (359) |
| Decrease in creditors | (58) | (5) |
| | <hr/> | <hr/> |
| Net cash provided by/(used in) operating activities | 501 | (250) |
| | <hr/> <hr/> | <hr/> <hr/> |

21. Cash flows from financing activities

| | 2020 | 2019 |
|--|-------------|-------------|
| | £000 | £000 |
| Cash inflows from new borrowing | 170 | - |
| | <hr/> | <hr/> |
| Net cash provided by financing activities | 170 | - |
| | <hr/> <hr/> | <hr/> <hr/> |

22. Cash flows from investing activities

| | 2020 | 2019 |
|--|--------------|-------------|
| | £000 | £000 |
| Dividends, interest and rents from investments | 1 | 1 |
| Purchase of tangible fixed assets | (922) | (906) |
| Capital grants from DfE Group | 24 | 1,568 |
| | <hr/> | <hr/> |
| Net cash (used in)/provided by investing activities | (897) | 663 |
| | <hr/> <hr/> | <hr/> <hr/> |

KINGS NORTON GIRLS' SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

23. Analysis of cash and cash equivalents

| | 2020 | 2019 |
|--|-------------|--------------|
| | £000 | £000 |
| Cash in hand | 807 | 1,033 |
| Total cash and cash equivalents | <u>807</u> | <u>1,033</u> |

24. Analysis of changes in net debt

| | At 1 | | At 31 |
|--------------------------|------------------|-------------------|--------------------|
| | September | Cash flows | August 2020 |
| | 2019 | £000 | £000 |
| | £000 | | £000 |
| Cash at bank and in hand | 1,033 | (226) | 807 |
| Debt due within 1 year | - | (19) | (19) |
| Debt due after 1 year | - | (151) | (151) |
| | <u>1,033</u> | <u>(396)</u> | <u>637</u> |

25. Capital commitments

| | 2020 | 2019 |
|--|-------------|-------------|
| | £000 | £000 |
| Contracted for but not provided in these financial statements | | |
| Acquisition of tangible fixed assets | - | 800 |
| | <u>-</u> | <u>800</u> |

26. Pension commitments

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

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

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

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

26. Pension commitments (continued)

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy) (in the previous year the contribution rate was set as 16.48% of pensionable pay)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The employer's pension costs paid to TPS in the year amounted to £621,000 (2019 - £422,678).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

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NOTES TO THE FINANCIAL STATEMENTS
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26. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £203,000 (2019 - £172,000), of which employer's contributions totalled £159,000 (2019 - £129,000) and employees' contributions totalled £ 44,000 (2019 - £43,000). The agreed contribution rates for future years are 18.8 per cent for employers and 5.5-12.5 per cent for employees.

As described in note the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

| | 2020 | 2019 |
|--|-------------|-------------|
| | % | % |
| Rate of increase in salaries | 3.25 | 3.7 |
| Rate of increase for pensions in payment/inflation | 2.25 | 2.2 |
| Discount rate for scheme liabilities | 1.6 | 1.85 |

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

| | 2020 | 2019 |
|-----------------------------|-------------|-------------|
| | Years | Years |
| <i>Retiring today</i> | | |
| Males | 21.9 | 20.9 |
| Females | 24.1 | 23.2 |
| <i>Retiring in 20 years</i> | | |
| Males | 23.8 | 22.6 |
| Females | 26 | 25.1 |

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NOTES TO THE FINANCIAL STATEMENTS
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26. Pension commitments (continued)

Sensitivity analysis

| | 2020 | 2019 |
|--|-------------------|-------------------|
| | £000 | £000 |
| Discount rate +0.1% | 142 | 91 |
| Discount rate -0.1% | (139) | (93) |
| Mortality assumption - 1 year increase | (227) | (170) |
| Mortality assumption - 1 year decrease | 218 | 164 |
| CPI rate +0.1% | (134) | (87) |
| CPI rate -0.1% | 130 | 85 |
| | <u> </u> | <u> </u> |

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

| | 2020 | 2019 |
|-------------------------------------|-------------------|-------------------|
| | £000 | £000 |
| Equities | 1,622 | 1,536 |
| Gilts | 313 | 242 |
| Other bonds | 112 | 97 |
| Property | 218 | 208 |
| Cash and other liquid assets | 192 | 92 |
| Other | 431 | 379 |
| | <u> </u> | <u> </u> |
| Total market value of assets | <u> </u> | <u> </u> |
| | <u>2,888</u> | <u>2,554</u> |

The actual return on scheme assets was £181,000 (2019 - £154,000).

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

| | 2020 | 2019 |
|---|-------------------|-------------------|
| | £000 | £000 |
| Current service cost | (273) | (239) |
| Past service cost | - | 27 |
| Interest income | 49 | 62 |
| Interest cost | (81) | (97) |
| Administrative expenses | - | (1) |
| | <u> </u> | <u> </u> |
| Total amount recognised in the Statement of financial activities | <u> </u> | <u> </u> |
| | <u>(305)</u> | <u>(248)</u> |

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

26. Pension commitments (continued)

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

| | 2020 | 2019 |
|------------------------|--------------|--------------|
| | £000 | £000 |
| At 1 September | 4,357 | 3,668 |
| Current service cost | 273 | 239 |
| Interest cost | 81 | 97 |
| Employee contributions | 44 | 43 |
| Actuarial losses | 837 | 360 |
| Benefits paid | (48) | (77) |
| Past service costs | - | 27 |
| At 31 August | <u>5,544</u> | <u>4,357</u> |

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

| | 2020 | 2019 |
|-------------------------|--------------|--------------|
| | £000 | £000 |
| At 1 September | 2,554 | 2,306 |
| Interest income | 49 | 62 |
| Actuarial gains | 132 | 92 |
| Employer contributions | 159 | 129 |
| Employee contributions | 44 | 43 |
| Benefits paid | (48) | (77) |
| Administrative expenses | (2) | (1) |
| At 31 August | <u>2,888</u> | <u>2,554</u> |

27. Operating lease commitments

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

| | 2020 | 2019 |
|--|-------------|-------------|
| | £000 | £000 |
| Not later than 1 year | 9 | 22 |
| Later than 1 year and not later than 5 years | 37 | 35 |
| | <u>46</u> | <u>57</u> |

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28. Members' liability

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

29. Related party transactions

Owing to the nature of the academy trust and the composition of the board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

30. Agency arrangements

The academy distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period 31 August 2020 the academy received £21,000 (2019: £17,000) and disbursed £18,000 (2019: £20,000) from the fund. An amount of £30,000 (2019: £27,000) is included in other creditors relating to the undistributed funds that are repayable to the ESFA.