

Company Registration Number: 07647538 (England & Wales)

WEST NEWCASTLE ACADEMY

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

WEST NEWCASTLE ACADEMY
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Mr J W Carrahar¹
Ms S M Percy, Principal and Accounting Officer, (Headteacher)¹
Ms S Keogh, Chair of Governors¹
Mr S G Lymn¹
Ms C Doherty (appointed 2 September 2019)
Mrs L Grant (appointed 1 October 2019)
Miss L Baillie (appointed 25 October 2019)
Mr P Koshy (appointed 25 October 2019)
Miss R Ahmed (appointed 25 October 2019)
Mrs S McDonald (appointed 11 December 2019)¹
Miss E Simpson (appointed 25 February 2020)

¹ members of the Finance and Property Committee

COMPANY REGISTERED NUMBER

07647538

Company name

West Newcastle Academy

PRINCIPAL AND REGISTERED OFFICE

West Newcastle Academy
Armstrong Road
Newcastle upon Tyne
NE4 8QP

CHIEF EXECUTIVE OFFICER

Ms S M Percy

INDEPENDENT AUDITORS

Ryecroft Glenton
Chartered Accountants
Statutory Auditor
32 Portland Terrace
Newcastle upon Tyne
Tyne & Wear
NE2 1QP

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

BANKERS

Unity Trust
Nine Brindleyplace
Birmingham
B1 2HB

TSB Bank
104 West Road
Newcastle upon Tyne
NE4 9QA

MEMBERS

Dr B Trafford
Ms K Hearnden
Ms S Keogh
Mr J G Davies
Mr J W Carrahar
Mrs K M Trafford

WEST NEWCASTLE ACADEMY
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The governors (who act as trustees for charitable activities, are also directors of the charity for the purposes of the Companies Act) present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2020.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Charitable Company is known as West Newcastle Academy or WNA.

Details of the Governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

Members' liability

Each member of WNA undertakes to contribute to the assets of the WNA in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member. Governors are covered under the professional indemnity insurance (RPA) held by WNA.

Principal activities

The principal activity of WNA is the establishing and running a primary school in West Newcastle, under the title of a free school. The school opened on 2nd September 2013.

Method of recruitment and appointment or election of governors

West Newcastle Academy is governed by the Governing Body who are directors of the company constituted under the Articles of the Academy Trust. The members of the trust (see page 2) may appoint staff governors through such process as they determine provided that the total number of staff governors (including the headteacher) does not exceed one third of the total number of governors). A minimum of two parent governors will be elected by parents. The Governors may appoint up to three Co-opted Governors; a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed.

The Secretary of State may appoint such Additional Governors as he or she thinks fit under Article 62, 62A, 62C or 68A. The term of office for any Governor shall be three years. Each school year, the Governing Body will elect a chair and vice-chair. Governors are recruited as per the process set out in the Governor's Information pack. Anyone interested in becoming a Governor can approach the Chair of Governor's for further information. The role of Governor is key in protecting the ethos of the school, setting the strategic direction and ensuring consistent high standards are maintained. As such, Governors must be able to demonstrate the skills, experience and attributes they bring, as well as show a clear understanding of the school's ethos and their willingness to uphold the ethos. All Governors must undertake an enhanced DBS check.

From time to time, WNA may wish to actively recruit Governors with a specific skills set. Vacancies will be advertised on the school website, through Newcastle Governor Services and through the School Governors' One Stop Shop (SGOSS): <https://www.sgoss.org.uk>

Policies and procedures adopted for the induction and training of governors

All new Governors receive an induction pack and are assigned a mentor. They are encouraged to identify and undertake suitable training (specific governor training is provided by Newcastle City Council) and National Governors Association (NGA) All Governors undertake school visits each year.

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

Organisational Structure

Day-to-day operations of the school are delegated to the headteacher. Strategic matters are reserved for the full Governing Body, with certain responsibilities delegated to the Finance and Property, People and Resources, Admissions and Curriculum and Research sub-committees.

The headteacher is the Accounting Officer for WNA.

Risk Management

The Governors have assessed the major risks to which the school is exposed, in particular those related to the operations and finances of the academy. Robust financial and accounting procedures have been developed, learning lessons from previous year and WNA works closely with Education and Skills Funding Agency (ESFA) representatives to ensure statutory compliance and good practice. The Governors are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Connected organisations, including related party relationships

The Royal Grammar School were founding supporters of WNA and continue to offer that support in membership, volunteer students and facilities.

Public benefit

The governors have complied with necessary legislation in meeting their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

Financial Review

During this reporting period, WNA received funding from the ESFA. As such, a key financial policy was to operate within the budget constraints of this funding, ensuring value for money whilst not sacrificing or compromising on the vision and ethos of WNA, as a small school this can at times be challenging. This year the school welcomed its sixth cohort, with a further 1 to follow in order for the school to have all cohorts in place. As the school continues to move towards the full complement of cohorts it moves closer to reaching its optimum and final size for financial purposes.

Principal risks in the year continue to be the balancing the ethos and teaching model with the budget constraints, which within a single form entry can be challenging where unexpected events occur which can create significant stress on the financial resources.

Funding received from the ESFA/DfE totalled £1,020,591 (2019 - £912,605). This comprised GAG, other ESFA funding and capital grants which amounted to £11,111 (2019 - £26,748). Staff costs totalled £954,834 (2019 - £813,426). After taking account of other expenditure of £318,984 (2019 - £280,315) the academy made a total deficit of £177,920 (2019 - total deficit of £144,311) including a restricted fixed asset deficit in the year of £85,900 (2019 - £73,637) and an operational deficit for the year of £92,020 (2019 - £70,674) before the actuarial loss adjustment.

In the current year the actuarial re-measurement of the Local Government Pension Scheme resulted in a net loss of £170,000 (2019 - £40,000). The pension liability at the year end is £401,000 (2019 - £155,000). This increase in the pension liability is attributable to changes in actuarial assumptions and in particular the discount rate. However, the pension liability does not have an immediate cash flow impact but may do in the future via increased pension contributions.

The cash position remains strong at £156,412 (2019 - £131,475). Total funds have decreased to £2,215,772 (2019 - £2,563,692).

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

Reserves Policy

WNA has modest levels free reserves. It is currently a school that has not yet achieved its critical full capacity, with its only source of funding received from the ESFA under the funding agreement. Such funds are viewed as appropriate allowing for any uncertainties arising including risks associated with recruiting a full reception cohort until full capacity is reached, but also a modest accumulation to funds for future capital expenditure and investment in assets.

Going Concern

After making appropriate enquiries, the Board of Governors has a reasonable expectation that the school has adequate resources to continue in operational existence for the foreseeable future. The trustees are in receipt of detailed management account and reports from both the bursar and headteacher each month. This review of income and expenditure has enabled the trustees to be confident that West Newcastle Academy remains a going concern throughout the covid-19 pandemic. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Covid Pandemic - Impact on School

During the covid -19 pandemic West Newcastle Academy has moved to remote learning on two occasions following guidance from the DfE. Online live learning, assemblies and clubs have continued, and work has been set daily. All staff have continued to be paid and have worked at school and home. The school has remained open for children of key worker and vulnerable families.

Grants have been sought in order to provide hardship payments, food bank vouchers distributed, and free school meal vouchers have been given out. These have supported families whose circumstances have changed due to covid 19. Stationary has been provided throughout and 36 laptops have been provided by the DfE in February 2021.

Processes and procedures have continued as staff have evolved to work remotely, risk assessments have been reviewed and contracts upheld. All supplies have been paid. Governors have received detailed monthly management accounts and reports from both the bursar and headteacher. There have been some changes to income and expenditure during these periods of remote learning and the governors have met more frequently to review these. The trustees are confident that West Newcastle Academy remains a going concern throughout the covid-19 pandemic.

Information about West Newcastle Academy

Introduction

WNA is continuing to establish roots in the community and is still seen as a new way of learning for the families in the socially challenged city area of west Newcastle. It aim to provide space and time for children to develop a deeper way of learning, and for parents to be engaged in personal development. Through this, every child has a supportive learning environment at home, and a willingness to learn at school. Children will be encouraged and expected to outperform their peers educationally, socially and artistically and make a positive contribution to their community.

The School's Vision

All children will achieve their full potential, with holistic support, whilst enjoying and driving their own learning, gaining self-respect, self-esteem and self- belief. Our classroom extends to rich, exciting environments within the forest, the beach, the city and the community as a whole.

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

The Ethos

Respect for the core capabilities of children and the recognition that all children are unique individuals with a wide range of abilities and potentials. Children are valued as strong, sociable and capable individuals, constantly learning and enquiring about the world about them.

WNA is a place where children will be encouraged to be curious, to ask questions and to learn from one another. Children at our school will be encouraged to question their teachers, formulate their own theories and validate possible results.

Dialogue with, and democratic decision making between children, staff, parents and the wider community is central to the running of WNA.

Admissions

The admissions policy gives preference to 50% of each cohort to children in receipt of pupil premium to encourage local families to attend. The number of children and young people living in poverty in central Newcastle is 48 %.(NSPCC 2019). Research indicates that poverty diminishes aspiration and attainment (*Joseph Rowntree Foundation 2013*).

Governors

Governors, working with the headteacher, set the strategic direction of the school and monitor whole group to review, audit and set direction. There are founder members who also sit on the governing body.

Significant Awards/Marks

WNA had a successful Ofsted inspection in July 2019 and achieved good in all areas. It holds the Eco School Green Flag Award Healthy School Plus, Eco School Award, E Twinning and Learning Outside the Classroom Gold Award (LOTC). WNA is working on Parental Partnerships Award, Rainbow Flag and is a Living Wage Organisation.

Pupil Numbers

There were 186 on roll at census day in October with similar numbers of arrivals to the previous year. There were slightly more leavers in 2019/20 due to increased numbers of families relocating out of the area.

	Census Day	Arrivals	Leavers
Year R	28	2	2
Year 1	28	2	2
Year 2	30	5	6
Year 3	27	1	7
Year 4	30	2	7
Year 5	19	2	5
Year 6	24	1	1
Total	186	15	30

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

Strategic Planning

A School Development Plan was set with the following areas of development:

- To improve data in core areas in terms of progress and achievement
- To sustain the School Vision and Ethos

Which were achieved through these KEY AREAS FOR IMPROVEMENT:

1. Number

- 1.1 To ensure standards in number are in line with or better than national expectations (especially Y5/6 and GD at KS1)
- 1.2 To teach number fluency, identifying and bridging gaps in upper KS2

2. Writing

- 2.1 To ensure standards in writing are in line with or better than national expectations
- 2.2 To develop a bank of secure examples in different genres for assessment, editing and teaching
- 2.3 Provide opportunities to write at length (throughout school)
- 2.4 To ensure presentation is a focus for teaching and review
- 2.5 To ensure handwriting is taught as joins from summer term EYFS
- 2.6 To ensure independent opportunities for writing in continuous provision (EYFS)

3. Reading

- 3.1 To band reading books across school to ensure progression and use accelerated reading in upper KS2
- 3.2 To enhance rigour in guided reading across school

4. Assessment

- 4.1 To review marking policy to allow more time to edit, review and improve
- 4.2 To ensure formative assessment is used to identify gaps in learning
- 4.3 To continue with moderation exercises with local schools

5 Inclusion

- 5.1 To ensure whole school positive behaviour strategies
- 5.2 To ensure timely writing and review of IEPs with strong links with parents and other agencies

6 EYFS

- 6.1 To develop the EYFS environment in order to provide stimulating opportunities for CIL and effective learning both inside and outside learning environment (reflecting Reggio teaching)
- 6.2 To plan for Outside Learning in whole of Nature Park and organise how this is shared with Nursery and Y1

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

6.3 To plan for adults' interactions and involvement in extending knowledge/skills through play

6.4 To ensure handwriting is taught as joins from summer term EYFS

6.5 To ensure independent opportunities for writing in continuous provision (EYFS)

6.6 To ensure differentiated writing and phonics teaching and learning (especially for most able)

6.7 To ensure independent opportunities for writing in continuous provision

7 Admin/Finance

7.1 To ensure efficient and timely management of financial resources

7.2 To ensure effective communication within office and stakeholders

7.3 To ensure proactive communication between all stakeholders – school, facebook, website, letters

7.4 To ensure staff files are maintained and SCR is reviewed monthly

8 Family Support

8.1 To ensure school attendance is at least at 96%

8.2 To provide support and carry out half termly meetings for families with poor attendance so that individual attendance (and achievement) improves

8.3 To provide information to key stakeholders

8.4 To support vulnerable families and sign post to services through local agencies

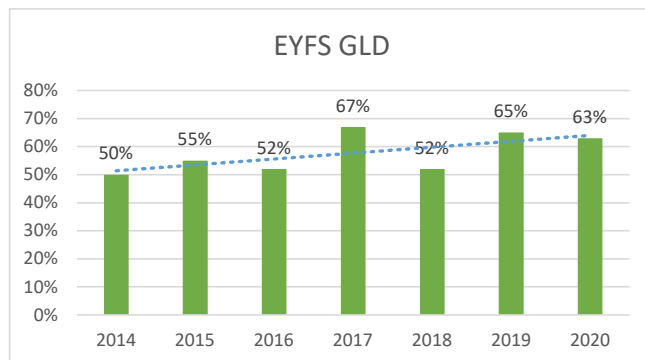
8.5 To ensure there is good relationships with parents, including families with EAL and those who might find working with the school difficult

8.6 Support colleagues with Parent Partnership Award

Achievement and Performance

There was no formal testing in 2019/20 due to the COVID pandemic and an extended period of distance learning from March to July 2020. The achievement of pupils is based on their Teacher Assessed levels at the end of March 2020.

EYFS



Informal baseline assessments were carried out in the first few weeks of school using observational assessment, which identifies children working at the expected level.

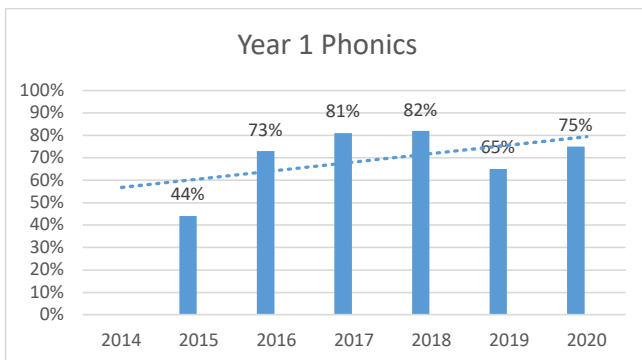
63% of children were judged to achieve Good Level of Development (GLD) in all areas This is similar to the previous year.

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

Clearly the EYFS pupils have missed a great deal of the play based curriculum in Year R and so transition into Y1 is a focus for 2020/21.

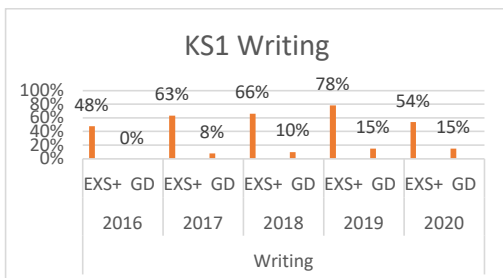
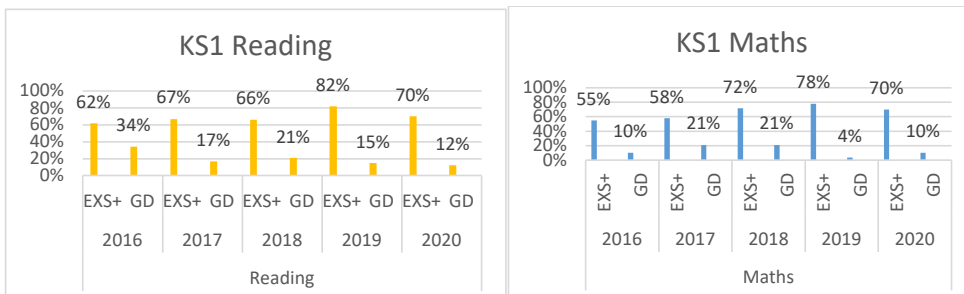
Year 1



Achievement in Year 1 was good in all areas but there will need to be a period of consolidation in 2020/21.

Year 2 (End of Key Stage 1)

Assessments measure Expected Level (EXS) or Greater Depth (GD).

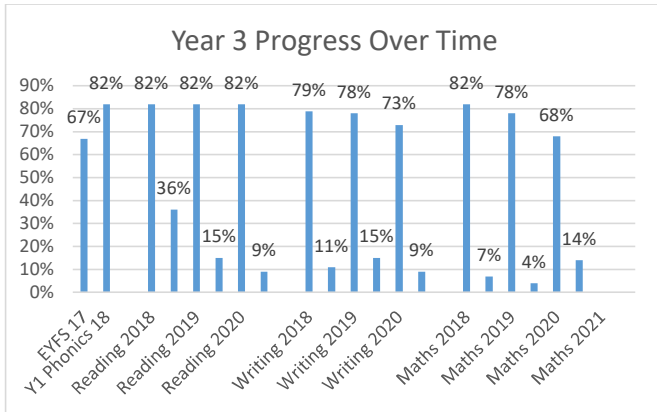


Results showed a slight dip on previous years but improvement for the cohort over time. Two areas for improvement are writing and the achievement and progress of the more less pupils.

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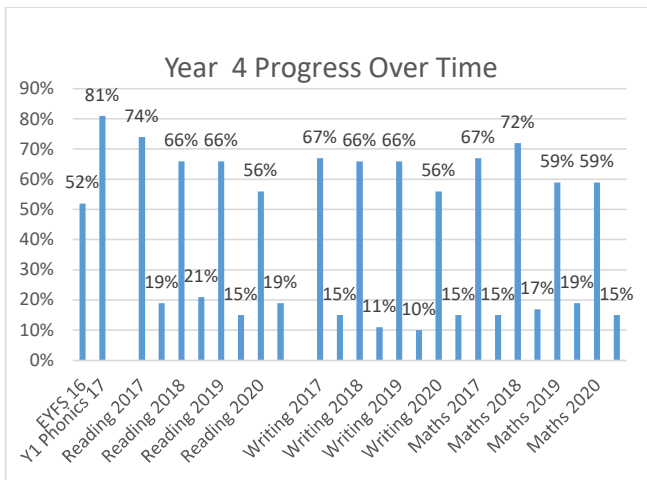
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Year 3



There was steady progress over time, although the data at end of Y3 was down on previous years for writing and maths.

Year 4

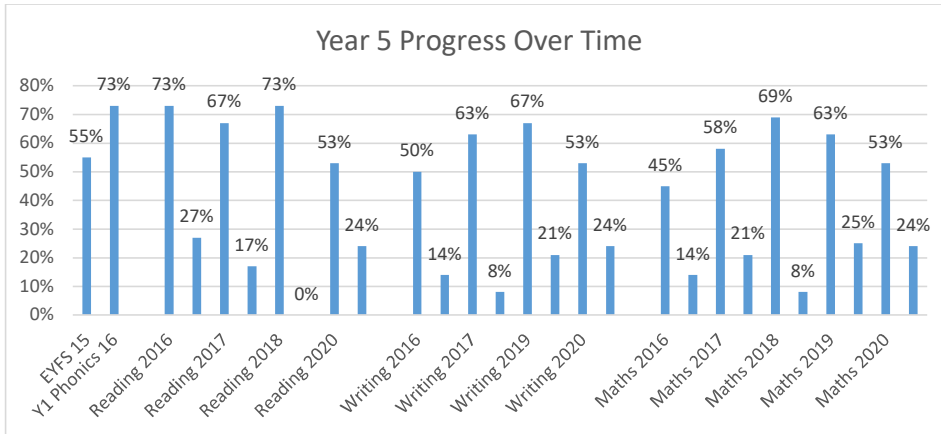


There was steady progress with lots of changes in cohort during the year and two pupils with SEND.

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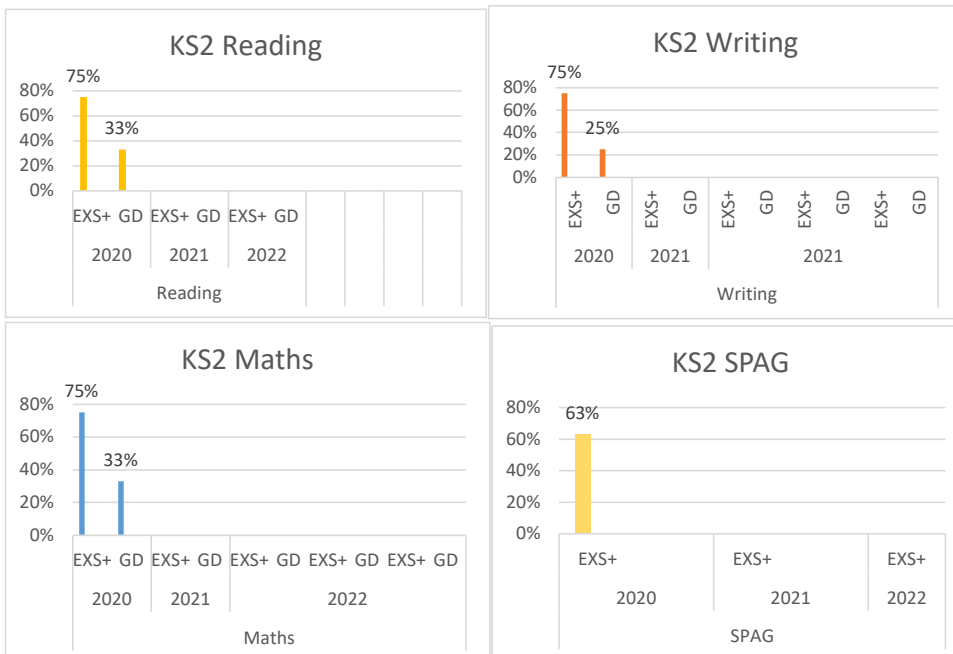
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Year 5



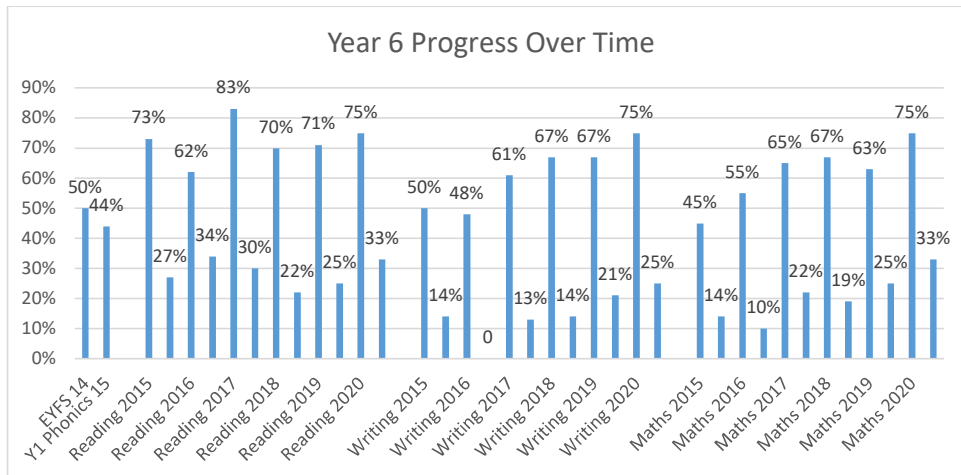
There were lots of changes in cohort from Y4 to Y5, this will need to focus in 2020/21.

Year 6



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



This data has not yet been moderated but matches targets and showed strong progress since EYFS and KS1 (in Writing and Maths).

Attendance

Attendance has been managed well by the Family Link Worker (FLW) however it was 91% when we closed in March 2020. This clearly remains a focus for 2020/21, especially for the more vulnerable families.

Safety and Security

Keeping the site safe and secure has been an ongoing priority. Dynamic and static lock down processes have been implemented and drills carried out effectively. The Nature Park is still used by WNA and local schools and we maintain the grounds to a safe standard.

Viability

Robust financial procedures have been put in place with support from Finance Committee. The Audit Committee are part of this group and have an audit function.

Plans for 2020/2021

Return to School during COVID Pandemic

Clearly the safe return to school for all is the focus for 2020/21. Health and Safety restrictions have an impact on staff and the curriculum. The school building has been adapted to support 'Bubbles' and Outdoor Learning is to be carried out in the Nature Park. A counsellor and additional Teaching Assistants have been appointed with Catch Up Funding.

Pupil Numbers

In order for the school to be financially viable, it is extremely important that pupil numbers remain high. The ethos of the school encourages many families in EYFS and KS1. There has been quite considerable movement in Y4 as families have moved house or school to access secondary's out of area. Numbers for 2020/21 20 on census day were 186. The overall number is stable but there is considerable movement in year.

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

Strategic Planning

A School Development Plan has been completed and informed by our Ofsted inspection (June 2019), COVID imposed distance learning (March – Sept 2020) and strategy meeting held in September 2020.

Strengths

- Distinct yet rigorous curriculum
- Good capacity to improve with significant investment in middle leaders
- Good teaching and learning
- Support for most vulnerable (behavioral and academic)
- Governance

Areas for Improvement

- Writing Opportunities to write at length
- Maths fluency
- Achievement and rate of progress in Year 5/6
- Formative assessment/marketing/editing
- Early Years/Year 1 (Play Based Curriculum)

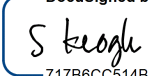
Auditors

Ryecroft Glenton has indicated its willingness to continue in office.


Statement as to disclosure of information to auditors

The Governors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Governors have confirmed that they have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 12 February 2021 and signed on its behalf by:

DocuSigned by:

717B6CC514B24A6...

Ms S Keogh

DocuSigned by:

CC7D8599BEEA4AF...

Ms S M Percy

WEST NEWCASTLE ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

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

The Board of 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 WNA 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.

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 formally met 6 times during the year.

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

Trustee	Meetings attended	Out of a possible
Mr J W Carrahar	3	6
Ms S M Percy, Principal and Accounting Officer, (Headteacher)	6	6
Ms S Keogh, Chair of Governors	6	6
Mr S G Lymn	3	6
Ms C Doherty	3	6
Mrs L Grant	3	5
Miss L Baillie	6	6
Mr P Koshy	6	6
Miss R Ahmed	6	6
Mrs S McDonald	6	6
Miss E Simpson	0	0

The board has continued with its work on focusing on the strategic plans for the school as it continues to grow its cohorts and address the conflicting priorities, educational and financial as this happens, and as the school grows in experience it is a better position to manage these successfully. The board reviews the strategy annually and assesses where it needs to be strengthened to ensure its continuing effectiveness, in particular looking at the composition of the board and policies and its committee effectiveness.

The Finance and Property Committee is a sub-committee of the Board of Governors. Its purpose is to provide oversight of the Academy's finances and in the period it has overseen the implementation of the systems and internal controls required for in compliance with the Academies Financial Handbook and dealt with property issues. It has been determined that the finance and property committee will be revised to encompass the function of the audit committee as this will be a more effective use of governors' skill sets and time. During the year, the audit committee has met in a combined meeting with the Finance and Property Committee as required.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr J W Carrahar	4	5
Ms S Keogh	4	5
Mr S G Lymn	2	5
Mrs S McDonald	5	5
Ms S M Percy	4	5

Review of value for money

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by monitoring expenditure; reviewing staff structure and management accounts; receiving quotes for large purchases and benchmarking against local schools.

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 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 West Newcastle Academy 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 on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2018 and up to the date of approval of the annual report and financial statements. This process has focused on those risks associated with pupil numbers and managing the build of a new school, but is regularly being reviewed by the Board of Governors.

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 the year it included:

- Budget control and monitoring of annual budget based on regular management information, reviewed and agreed by the Board of Governors also with regular reviews by the Finance and Property Committee;
- Clearly defined purchasing against in year funding conditions and guidelines;

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

- Delegation of authority and segregation of duties;
- Identification and management of risks.

The Board of Governors has considered the need for a specific internal audit function and decided given the cycle of the school's growth (continuing to build its cohorts) and further refinement of the finance function in the year with focus on embedding of policies and controls on key areas, with involvement and oversight by members of the Finance and Property Committee, that little additional assurance would be gained by the implementation of specific additional independent oversight arrangements. However a proportionate review of internal controls has been implemented towards the end of this year and will continue and be further developed in the next financial year in response to the needs.

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 external auditors;
- the financial management and governance self-assessment process;

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

Approved by order of the members of the Board of Trustees on 12 February 2021 and signed on their behalf by:

DocuSigned by:

717B6CC514B24A6...
Ms S Keogh
Chair of Trustees

DocuSigned by:

CC7D8599BEEA4AF...
Ms S M Percy
Accounting Officer

WEST NEWCASTLE ACADEMY
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of West Newcastle Academy I have considered my responsibility to notify the academy board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy, under the funding agreement in place between the academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

DocuSigned by:

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Ms S M Percy
Accounting Officer
Date: 12 February 2021

WEST NEWCASTLE ACADEMY
(A company limited by guarantee)

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 12 February 2021 and signed on its behalf by:

DocuSigned by:

717B6CC514B24A6...
Ms S Keogh

DocuSigned by:

CC7D8599BEEA4AF...
Ms S M Percy

WEST NEWCASTLE ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF WEST
NEWCASTLE ACADEMY**

Opinion

We have audited the financial statements of West Newcastle Academy (the 'academy') 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'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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

WEST NEWCASTLE ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF WEST
NEWCASTLE ACADEMY (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' 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 Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

WEST NEWCASTLE ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF WEST
NEWCASTLE ACADEMY (CONTINUED)**

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

DocuSigned by:

Detlev Anderson

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Detlev Anderson (Senior statutory auditor)

for and on behalf of

Ryecroft Glenton

Chartered Accountants

Statutory Auditor

32 Portland Terrace

Newcastle upon Tyne

Tyne & Wear

NE2 1QP

12 February 2021

WEST NEWCASTLE ACADEMY
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO WEST
NEWCASTLE ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 3 October 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 West Newcastle Academy 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 West Newcastle Academy and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to West Newcastle Academy 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 West Newcastle Academy and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of West Newcastle Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of West Newcastle Academy's funding agreement with the Secretary of State for Education dated 23 May 2013 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Enquiry with the Accounting Officer of her work done to support her statement on regularity, proprietary and compliance;
- Review of finance policies in place;
- Review of minutes for any significant items that may affect our conclusion;
- Enquiry into whether there have been any payments or write offs incurred under delegated authority which should be disclosed to the ESFA;
- Inspection of the register of pecuniary interests of the Trustees and a review of transactions to disclose any related or connected party transactions;

WEST NEWCASTLE ACADEMY
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO WEST
NEWCASTLE ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

- Review of connected and related party transactions to ensure that correct procedures had been followed and that these were appropriate transactions for the Academy to enter into;
- Review of income streams for any activities which may be outside the Academy's charitable objectives;
- Inspection of BACS payment reports to ensure that correct procedures and authorisations had been observed;
- Review of cashbook transactions for significant or unusual transactions in the year and confirmed that these related to applicable charitable purposes;
- Review of credit card expenditure for indicators of purchases being made for personal use;
- Inspection of a number of purchase invoices during the year to ensure that the correct purchasing and procurement procedures had been followed;
- Review of expenditure to confirm that this has been applied in line with the grant terms;
- Enquiry with finance staff as to whether any borrowing has been entered into and whether this breaches the borrowing limits imposed by the funding agreement;
- Inspection of payroll reports for the year and confirmed that these have been suitably authorised;
- Review of a sample of employees from the monthly payroll reports to confirm existence and agree remuneration to supporting documentation; and
- Inspection of a sample of journals in the year to ensure that the correct authorisation procedures have been followed and that the adjustments relate to applicable charitable activities.

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.

DocuSigned by:

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Detlev Anderson (Senior statutory auditor)
Ryecroft Glenton
Chartered Accountants
Statutory Auditor

32 Portland Terrace
Newcastle upon Tyne
Tyne & Wear
NE2 1QP

Date: 12 February 2021

WEST NEWCASTLE ACADEMY
(A company limited by guarantee)

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

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:					
Donations and capital grants	75	6,145	11,111	17,331	27,984
Charitable activities	25,596	1,043,505	-	1,069,101	907,365
Other trading activities	563	-	-	563	-
Investments	97	-	-	97	131
Other income	8,176	630	-	8,806	13,950
	<u>34,507</u>	<u>1,050,280</u>	<u>11,111</u>	<u>1,095,898</u>	<u>949,430</u>
Expenditure on:					
Raising funds	1,638	-	-	1,638	2,491
Charitable activities	32,869	1,139,185	100,126	1,272,180	1,091,250
	<u>34,507</u>	<u>1,139,185</u>	<u>100,126</u>	<u>1,273,818</u>	<u>1,093,741</u>
Net expenditure	-	(88,905)	(89,015)	(177,920)	(144,311)
Transfers between funds	-	(3,116)	3,116	-	-
Net movement in funds before other recognised gains/(losses)	-	(92,021)	(85,899)	(177,920)	(144,311)
Other recognised gains/(losses):					
Actuarial losses on defined benefit pension schemes	-	(170,000)	-	(170,000)	(40,000)
Net movement in funds	<u>-</u>	<u>(262,021)</u>	<u>(85,899)</u>	<u>(347,920)</u>	<u>(184,311)</u>

WEST NEWCASTLE ACADEMY
(A company limited by guarantee)

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

Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Reconciliation of funds:					
Total funds brought forward	24,531	(107,810)	2,646,971	2,563,692	2,748,003
Net movement in funds	-	(262,021)	(85,899)	(347,920)	(184,311)
Total funds carried forward	24,531	(369,831)	2,561,072	2,215,772	2,563,692

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

The notes on pages 29 to 56 form part of these financial statements.

WEST NEWCASTLE ACADEMY
(A company limited by guarantee)
REGISTERED NUMBER: 07647538

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	16	2,558,988	2,646,971
		<u>2,558,988</u>	<u>2,646,971</u>
Current assets			
Debtors	17	32,870	44,179
Cash at bank and in hand		156,412	131,475
		<u>189,282</u>	<u>175,654</u>
Creditors: amounts falling due within one year	18	(131,498)	(103,933)
Net current assets		<u>57,784</u>	<u>71,721</u>
Total assets less current liabilities		<u>2,616,772</u>	<u>2,718,692</u>
Net assets excluding pension liability		<u>2,616,772</u>	<u>2,718,692</u>
Defined benefit pension scheme liability	27	(401,000)	(155,000)
Total net assets		<u><u>2,215,772</u></u>	<u><u>2,563,692</u></u>

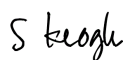
WEST NEWCASTLE ACADEMY
(A company limited by guarantee)
REGISTERED NUMBER: 07647538

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020


	Note	2020 £	2019 £
Funds of the academy			
Restricted funds:			
Fixed asset funds	20	2,561,072	2,646,971
Restricted income funds	20	31,169	47,190
Restricted funds excluding pension asset	20	2,592,241	2,694,161
Pension reserve	20	(401,000)	(155,000)
Total restricted funds	20	2,191,241	2,539,161
Unrestricted income funds	20	24,531	24,531
Total funds		2,215,772	2,563,692

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

The financial statements on pages 24 to 56 were approved by the Trustees, and authorised for issue on 12 February 2021 and are signed on their behalf, by:

DocuSigned by:

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Ms S Keogh

DocuSigned by:

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Ms S M Percy

The notes on pages 29 to 56 form part of these financial statements.

WEST NEWCASTLE ACADEMY
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	22	25,969	<i>(133,089)</i>
Cash flows from investing activities	23	(1,032)	<i>(9,466)</i>
Change in cash and cash equivalents in the year		24,937	<i>(142,555)</i>
Cash and cash equivalents at the beginning of the year		131,475	<i>274,030</i>
Cash and cash equivalents at the end of the year	24, 25	156,412	<i>131,475</i>

The notes on pages 29 to 56 from part of these financial statements

WEST NEWCASTLE ACADEMY
(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), judgments and key sources of estimation uncertainty, is set out below.

General information

West Newcastle Academy is a charitable company incorporated in England and Wales. The address of its registered office and principal place of business is Armstrong Road, Newcastle upon Tyne, NE4 8QP.

The principal activity of the charitable company is the education of children in Newcastle upon Tyne.

1.1 Basis of preparation of financial statements

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

West Newcastle Academy meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The trustees are in receipt of detailed management account and reports from both the bursar and headteacher each month. This review of income and expenditure has enabled the trustees to be confident that West Newcastle Academy remains a going concern throughout the covid-19 pandemic. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

WEST NEWCASTLE ACADEMY
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

1.4 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.

• **Expenditure on raising funds**

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

• **Charitable activities**

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

WEST NEWCASTLE ACADEMY
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.4 Expenditure (continued)

All resources expended are inclusive of irrecoverable VAT.

1.5 Taxation

The academy 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 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.

1.6 Tangible fixed assets

Assets costing £500 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 bases:

Long-term Leasehold Property	- 50 years straight line
Fixtures and fittings	- 5 years straight line
Computer equipment	- 4 years straight line

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

1.7 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.

WEST NEWCASTLE ACADEMY
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.8 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.

1.9 Liabilities

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

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. 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 note 18. 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. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

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.

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

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

1.13 Fund accounting

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

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

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

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

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2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The 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 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The amount by which fixed assets are depreciated annually is material to the financial statements and consequently, the estimate of the useful lives of fixed assets and their residual value is considered to be a critical area of judgement. There has been no change in these estimates this year.

3. Income from donations and capital grants

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Donations	75	6,145	-	6,220
Government grants	-	-	11,111	11,111
	<u>75</u>	<u>6,145</u>	<u>11,111</u>	<u>17,331</u>

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3. Income from donations and capital grants (continued)

	<i>Unrestricted funds 2019 £</i>	<i>Restricted fixed asset funds 2019 £</i>	<i>Total funds 2019 £</i>
Donations	1,236	-	1,236
Government grants	-	26,748	26,748
	<u>1,236</u>	<u>26,748</u>	<u>27,984</u>

4. Income from charitable activities

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Income from charitable activities - Educational operations	1,816	1,043,505	1,045,321
Catering activities	15,046	-	15,046
Wraparound income	8,734	-	8,734
Total 2020	<u>25,596</u>	<u>1,043,505</u>	<u>1,069,101</u>

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Income from charitable activities - Educational operations	-	891,909	891,909
Catering activities	9,626	-	9,626
Wraparound income	5,830	-	5,830
<i>Total 2019</i>	<u>15,456</u>	<u>891,909</u>	<u>907,365</u>

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5. Funding for the academy's educational operations

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
DfE/ESFA grants			
General Annual Grant	-	837,462	837,462
Other DfE / ESFA Grants	-	172,018	172,018
Non-government Grants	1,816	19,405	21,221
Local authority grants	-	14,620	14,620
	<u>1,816</u>	<u>1,043,505</u>	<u>1,045,321</u>

	<i>Restricted funds 2019 £</i>	<i>Total funds 2019 £</i>
DfE/ESFA grants		
General Annual Grant	742,085	742,085
Other DfE/ESFA Grants	123,272	123,272
Start up grants	20,500	20,500
Local authority grants	6,052	6,052
	<u>891,909</u>	<u>891,909</u>

6. Income from other trading activities

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Uniform sales	563	563	-
	<u>563</u>	<u>563</u>	<u>-</u>

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7. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Investment income - local cash	97	97	131

8. Other incoming resources

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Miscellaneous income	8,176	630	8,806

	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Miscellaneous income	13,950	13,950

9. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £
Expenditure on fundraising trading activities:				
Direct costs	-	-	1,638	1,638
Educational operations:				
Direct costs	705,795	52,693	81,282	839,770
Allocated support costs	249,039	53,557	129,814	432,410
	<u>954,834</u>	<u>106,250</u>	<u>212,734</u>	<u>1,273,818</u>

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

9. Expenditure (continued)

	<i>Staff Costs</i> 2019 £	<i>Premises</i> 2019 £	<i>Other</i> 2019 £	<i>Total</i> 2019 £
Expenditure on fundraising trading activities:				
Direct costs	-	-	2,491	2,491
Educational operations:				
Direct costs	614,089	52,693	90,526	757,308
Allocated support costs	199,337	34,372	100,233	333,942
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

10. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Educational operations	32,869	1,239,311	1,272,180
	<u> </u>	<u> </u>	<u> </u>
	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Educational operations	28,282	1,062,968	1,091,250
	<u> </u>	<u> </u>	<u> </u>

11. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £
Educational operations	839,770	432,410	1,272,180
	<u> </u>	<u> </u>	<u> </u>

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11. Analysis of expenditure by activities (continued)

	<i>Activities undertaken directly 2019 £</i>	<i>Support costs 2019 £</i>	<i>Total funds 2019 £</i>
Educational operations	757,308	333,942	1,091,250

Analysis of direct costs

	Educational operations 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Pension interest	2,000	2,000	1,000
Staff costs	705,465	705,465	595,331
Depreciation	100,126	100,126	109,851
Educational supplies	23,277	23,277	27,755
Staff development	8,222	8,222	3,085
Other direct costs	350	350	1,528
Supply staff	330	330	18,758
	<u>839,770</u>	<u>839,770</u>	<u>757,308</u>

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11. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational operations 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Staff costs	249,039	249,039	199,337
Staff development	466	466	516
Recruitment and support	1,333	1,333	1,668
Maintenance of premises and equipment	21,501	21,501	13,633
Cleaning	11,097	11,097	5,057
Rent and rates	8,545	8,545	-
Energy costs	20,194	20,194	14,087
Insurance	3,546	3,546	3,360
Security and transport	4,907	4,907	12,739
Catering	34,066	34,066	31,788
Bank interest and charges	970	970	1,103
Other support costs	55,306	55,306	38,813
Governance costs	10,832	10,832	11,841
Erasmus project expenditure	10,608	10,608	-
Total 2020	<u>432,410</u>	<u>432,410</u>	<u>333,942</u>

During the year ended 31 August 2020, the academy incurred the following governance costs:

	2020 £	<i>2019 £</i>
Governance Auditor's remuneration	4,000	3,540
Governance Auditor's non audit costs	6,832	8,301
	<u>10,832</u>	<u>11,841</u>

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12. Net expenditure

Net expenditure for the year includes:

	2020 £	2019 £
Operating lease rentals	3,358	2,888
Depreciation of tangible fixed assets	100,126	110,290
Fees paid to auditors for:		
- audit	4,000	3,540
- other services	6,832	8,301
	<u>6,832</u>	<u>8,301</u>

13. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	689,460	600,671
Social security costs	51,511	44,418
Pension costs	213,533	149,579
	<u>954,504</u>	<u>794,668</u>
Agency staff costs	330	18,758
	<u>954,834</u>	<u>813,426</u>

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13. Staff (continued)

b. Staff numbers

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

	2020	<i>2019</i>
	No.	<i>No.</i>
Teachers	12	10
Teaching support	7	9
Administration	5	4
Premises	7	3
Catering	3	2
	<u>34</u>	<u>28</u>

c. Higher paid staff

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

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

The above employee participated in the Teachers' Pension Scheme. During the period ended 31 August 2020 employer's pension contributions in respect of this employee amounted to £16,708 (2019: £11,007).

d. Key management personnel

The key management personnel of the academy comprise the Trustees and the senior management team. 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 was £300,445 (2019: £232,769).

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NOTES TO THE FINANCIAL STATEMENTS
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14. Trustees' remuneration and expenses

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

		2020	<i>2019</i>
		£	£
Ms S M Percy, Head Teacher and Governor	Remuneration	70,000 -	<i>65,000 -</i>
		75,000	<i>70,000</i>
	Pension contributions paid	15,000 -	<i>10,000 -</i>
		20,000	<i>15,000</i>
Ms L Baillie, Teacher and Governor from 25/10/2019	Remuneration	35,000 -	<i>5,000 -</i>
		40,000	<i>10,000</i>

During the year ended 31 August 2020, expenses totalling £93 were reimbursed to one Trustee (2019 - £ NIL).

15. Trustees' and Officers' insurance

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

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16. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2019	2,634,634	174,636	169,960	30,000	3,009,230
Additions	-	1,576	10,567	-	12,143
At 31 August 2020	<u>2,634,634</u>	<u>176,212</u>	<u>180,527</u>	<u>30,000</u>	<u>3,021,373</u>
Depreciation					
At 1 September 2019	105,369	89,884	137,006	30,000	362,259
Charge for the year	52,693	30,253	17,180	-	100,126
At 31 August 2020	<u>158,062</u>	<u>120,137</u>	<u>154,186</u>	<u>30,000</u>	<u>462,385</u>
Net book value					
At 31 August 2020	<u>2,476,572</u>	<u>56,075</u>	<u>26,341</u>	<u>-</u>	<u>2,558,988</u>
At 31 August 2019	<u>2,529,265</u>	<u>84,752</u>	<u>32,954</u>	<u>-</u>	<u>2,646,971</u>

17. Debtors

	2020 £	2019 £
Due within one year		
Other debtors	25,799	41,616
Prepayments and accrued income	7,071	2,563
	<u>32,870</u>	<u>44,179</u>

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NOTES TO THE FINANCIAL STATEMENTS
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18. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	26,617	16,172
ESFA creditor: abatement of GAG	42,608	15,417
Other taxation and social security	13,077	11,163
Other creditors	32,196	49,227
Accruals and deferred income	17,000	11,954
	<u>131,498</u>	<u>103,933</u>

19. Financial instruments

	2020	2019
	£	£
Financial assets		
Financial assets measured at fair value through income and expenditure	156,412	131,475
	<u>156,412</u>	<u>131,475</u>

Financial assets measured at fair value through income and expenditure comprise bank balances.

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NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
General Funds	24,531	34,507	(34,507)	-	-	24,531
Restricted general funds						
General Annual Grant (GAG)	15,243	837,462	(812,164)	(47,000)	-	(6,459)
Project Development Fund	31,947	-	-	-	-	31,947
Other DfE/ESFA grants	-	172,018	(172,018)	-	-	-
Other government grants	-	14,620	(14,620)	-	-	-
Greggs donations	-	6,145	(6,145)	-	-	-
St Michael's Hub	-	630	(630)	-	-	-
Erasmus	-	19,405	(10,608)	(3,116)	-	5,681
Pension reserve	(155,000)	-	(123,000)	47,000	(170,000)	(401,000)
	<u>(107,810)</u>	<u>1,050,280</u>	<u>(1,139,185)</u>	<u>(3,116)</u>	<u>(170,000)</u>	<u>(369,831)</u>
Restricted fixed asset funds						
DfE/ESFA Capital grants	2,637,273	11,111	(96,518)	-	-	2,551,866
Capital expenditure from GAG	9,443	-	(2,574)	-	-	6,869
Community Foundation	255	-	(255)	-	-	-
Erasmus	-	-	(779)	3,116	-	2,337
	<u>2,646,971</u>	<u>11,111</u>	<u>(100,126)</u>	<u>3,116</u>	<u>-</u>	<u>2,561,072</u>

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20. Statement of funds (continued)

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Total Restricted funds	2,539,161	1,061,391	(1,239,311)	-	(170,000)	2,191,241
Total funds	2,563,692	1,095,898	(1,273,818)	-	(170,000)	2,215,772

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

Restricted Fixed Asset Funds arose as a result of the construction of the school building under the Free School Building Programme including, ICT equipment and fixtures, fittings and equipment purchases.

General Annual Grant ("GAG"). This grant must be used for the normal running costs of the Academy.

Other DfE/ ESFA grants - other amounts received from the DfE for the funding of the academy's educational operations.

The project development funds were funds received from the DfE to set up the free school. The surplus funds are to be used to support the school in its start-up period as it grows to a school with all year groups

Funds received in 2019/20 from Greggs, St Michael's Hub and Erasmus were all due to successful bids and subsequent funding is restricted as noted below:

1. Greggs - hardship funding for families at school, donated because we are a Greggs Breakfast Club School
2. St Michael's Hub - phonics and reading scheme funding from the DfE and brokered through St Michael's school
3. Erasmus - funding for cultural activities for staff and children on a specific project

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

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20. Statement of funds (continued)

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

	<i>Balance at 1 September 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2019 £</i>
Unrestricted funds						
General Funds	24,531	30,773	(30,773)	-	-	24,531
Restricted general funds						
General Annual Grant (GAG)	23,917	742,085	(649,293)	(101,466)	-	15,243
Project Development Fund	31,947	-	-	-	-	31,947
Other DfE/ESFA grants	-	123,272	(123,272)	-	-	-
Start up grants	-	20,500	(20,500)	-	-	-
Other government grants	-	6,052	(6,052)	-	-	-
Pension reserve	(53,000)	-	(154,000)	92,000	(40,000)	(155,000)
	<u>2,864</u>	<u>891,909</u>	<u>(953,117)</u>	<u>(9,466)</u>	<u>(40,000)</u>	<u>(107,810)</u>
Restricted fixed asset funds						
DfE/ESFA Capital grants	2,717,717	26,748	(107,192)	-	-	2,637,273
Capital expenditure from GAG	2,381	-	(2,404)	9,466	-	9,443
Community Foundation	510	-	(255)	-	-	255
	<u>2,720,608</u>	<u>26,748</u>	<u>(109,851)</u>	<u>9,466</u>	<u>-</u>	<u>2,646,971</u>
Total Restricted funds	<u>2,723,472</u>	<u>918,657</u>	<u>(1,062,968)</u>	<u>-</u>	<u>(40,000)</u>	<u>2,539,161</u>

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20. Statement of funds (continued)

	<i>Balance at 1 September 2018</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2019</i>
	£	£	£	£	£	£
Total funds	<u>2,748,003</u>	<u>949,430</u>	<u>(1,093,741)</u>	<u>-</u>	<u>(40,000)</u>	<u>2,563,692</u>

21. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020	Restricted funds 2020	Restricted fixed asset funds 2020	Total funds 2020
	£	£	£	£
Tangible fixed assets	-	-	2,558,988	2,558,988
Current assets	24,531	162,667	2,084	189,282
Creditors due within one year	-	(131,498)	-	(131,498)
Provisions for liabilities and charges	-	(401,000)	-	(401,000)
Total	<u>24,531</u>	<u>(369,831)</u>	<u>2,561,072</u>	<u>2,215,772</u>

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2019</i>	<i>Restricted funds 2019</i>	<i>Restricted fixed asset funds 2019</i>	<i>Total funds 2019</i>
	£	£	£	£
Tangible fixed assets	-	-	2,646,971	2,646,971
Current assets	25,531	150,123	-	175,654
Creditors due within one year	(1,000)	(102,933)	-	(103,933)
Provisions for liabilities and charges	-	(155,000)	-	(155,000)
Total	<u>24,531</u>	<u>(107,810)</u>	<u>2,646,971</u>	<u>2,563,692</u>

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

	2020 £	2019 £
Net expenditure for the period (as per Statement of financial activities)	(177,920)	(144,311)
Adjustments for:		
Depreciation	100,126	109,851
Capital grants from DfE and other capital income	(11,111)	(26,748)
Defined benefit pension scheme cost less contributions payable	74,000	61,000
Defined benefit pension scheme finance cost	2,000	1,000
Decrease in debtors	11,309	64,463
Increase/(decrease) in creditors	27,565	(198,344)
Net cash provided by/(used in) operating activities	25,969	(133,089)

23. Cash flows from investing activities

	2020 £	2019 £
Purchase of tangible fixed assets	(12,143)	(36,214)
Capital grants from DfE Group	11,111	26,748
Net cash used in investing activities	(1,032)	(9,466)

24. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	156,412	131,475
Total cash and cash equivalents	156,412	131,475

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25. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	131,475	24,937	156,412
	<u>131,475</u>	<u>24,937</u>	<u>156,412</u>

26. Capital commitments

	2020 £	2019 £
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	5,000	-
	<u>5,000</u>	<u>-</u>

27. Pension commitments

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by South Tyneside Council. 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 2016.

Contributions amounting to £15,704 were payable to the schemes at 31 August 2020 (2019 - £10,205) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for 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.

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27. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £92,533 (2019 - £54,132).

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

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 £63,000 (2019 - £49,000), of which employer's contributions totalled £47,000 (2019 - £35,000) and employees' contributions totalled £ 16,000 (2019 - £14,000). The agreed contribution rates for future years are 19.1 per cent for employers and 5.5 - 6.5 per cent for employees.

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

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27. Pension commitments (continued)

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	3.7	3.5
Rate of increase for pensions in payment/inflation	2.2	2
Discount rate for scheme liabilities	1.7	1.9
Inflation assumption (CPI)	2.2	2

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

	2020	2019
	Years	Years
<i>Retiring today</i>		
Males	21.8	21.9
Females	25	25.1
<i>Retiring in 20 years</i>		
Males	23.5	23.6
Females	26.8	26.9

Sensitivity analysis

	2020	2019
	£000	£000
Discount rate +0.1%	818	520
Discount rate -0.1%	869	550
Mortality assumption - 1 year increase	813	517
Mortality assumption - 1 year decrease	873	553
Rate of general increase in salaries +0.1%	843	540
Rate of general increase in salaries -0.1%	843	530

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27. Pension commitments (continued)

Share of scheme assets

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

	2020 £	2019 £
Equities	236,000	248,000
Government bonds	11,000	16,000
Corporate bonds	101,000	43,000
Property	41,000	33,000
Cash and other liquid assets	8,000	8,000
Other	45,000	32,000
Total market value of assets	442,000	380,000

The actual return on scheme assets was £3,000 (2019 - £30,000).

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

	2020 £	2019 £
Current service cost	121,000	61,000
Past service cost	-	35,000
Interest income	8,000	6,000
Interest cost	(10,000)	(7,000)
Total amount recognised in the Statement of financial activities	119,000	95,000

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27. Pension commitments (continued)

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

	2020 £	2019 £
At 1 September	535,000	249,000
Interest cost	10,000	7,000
Employee contributions	16,000	14,000
Actuarial losses	165,000	64,000
Benefits paid	(4,000)	(6,000)
Current service cost	121,000	61,000
Past service costs	-	35,000
Net increase in liabilities from disposals / acquisitions	-	111,000
At 31 August	843,000	535,000

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

	2020 £	2019 £
At 1 September	380,000	196,000
Interest income	8,000	6,000
Actuarial (losses)/gains	(5,000)	24,000
Employer contributions	47,000	35,000
Employee contributions	16,000	14,000
Benefits paid	(4,000)	(6,000)
Net increase in liabilities from disposals / acquisitions	-	111,000
At 31 August	442,000	380,000

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

28. Operating lease commitments

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

	2020	2019
	£	£
Not later than 1 year	3,358	2,888
Later than 1 year and not later than 5 years	3,576	2,888
Later than 5 years	470	2,166
	<u>7,404</u>	<u>7,942</u>

29. 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.

30. Related party transactions

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