

Thornden School
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2019

Company Registration Number:
07562918 (England and Wales)

Thornden School

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Thornden School

Reference and Administrative Details

Members:

S Allen (resigned 31 August 2019)

R Boden

V Radford

T Ricketts

S Whelan

Trustees:

S Allen (resigned 31 August 2019)

A Alzetani

J Beckingham

T Bevan

R Boden

S Bowyer (resigned 5 September 2019)

E Challand

J Crouch

L Fogleman-Peaston

D Francis

A Hunter

A Parr

J Pinnock

V Radford

T Ricketts

P Roberts

P Sampson

S Whelan

G Yates (appointed 7 February 2019)

Company Secretary

K Robinson

Senior Management Team:

S Whelan, Headteacher

A Parry, Deputy Headteacher

S Hicks, Deputy Headteacher

R Collar, Deputy Headteacher

J Evans, Assistant Headteacher

S Smith, Assistant Headteacher

K Robinson, School Business Manager

Company Name

Thornden School

Thornden School

Reference and Administrative Details

Principal and Registered Office

Winchester Road
Chandlers Ford
Eastleigh
Hampshire
SO53 2DW

Company Registration Number

07562918 (England and Wales)

Independent Auditor

Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandlers Ford
Eastleigh
Hampshire
SO53 4AR

Bankers

Lloyds Bank Plc
PO Box 1000
BX1 1LT

Solicitors

Browne Jacobson
Victoria Square House
Victoria Square
Birmingham
West Midlands
B2 4BU

Thornden School

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates an academy for pupils aged 11 to 16 serving a catchment area in Chandlers Ford and Otterbourne. It has a pupil capacity of 1450 and had a roll of 1469 in the school census on 4th October 2018.

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 trustees of Thornden School are also the directors of the charitable company for the purposes of company law. The charitable company operates as Thornden School.

Details of the trustees who served during the year and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

Trustee's third party indemnity is covered through the Department for Education's Risk Protection Arrangement (RPA) an alternative to insurance for Academy Trusts. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring and provides cover up to £10,000,000 per year.

Thornden School

Trustees' Report

Method of Recruitment and Appointment or Election of Trustees

The Board of Trustees has been formed in accordance with the Articles of Association. The number of Trustees shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

Subject to Articles 48-49 and 64 the Academy Trust shall have the following Trustees:

- a) Up to one Governor, appointed under Article 50;
- b) Seven Parent Governors appointed under Articles 53-58;
- c) Four Staff Governors appointed under Article 58A;
- d) up to 7 Community Governors appointed under Article 58B;
- e) the Principal;
- f) any Additional Governors, if appointed under Article 62, 62A or 68A and
- g) any Further Governors, if appointed under Article 63 or Article 68A.

The Academy Trust may also have any Co-opted Governor(s) appointed under Article 59.

The Headteacher shall be treated for all purposes as being an ex officio Governor.

Parent Governors

Subject to Article 57, the Parent Governor(s) shall be elected by parents of registered students at the Academy. A Parent Governor must be a parent of a student at the Academy at the time when he is elected.

The Governing Body shall make all necessary arrangements for, and determine all other matters relating to, an election of Parent Governors, including any question of whether a person is a parent of a registered student at the Academy. Any election of Parent Governors which is contested shall be held by secret ballot.

The arrangements made for the election of a Parent Governor shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if he prefers, by having his ballot paper returned to the Academy Trust by a registered student at the Academy.

Where a vacancy for a Parent Governor is required to be filled by election, the Governing Body shall take such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered student at the Academy is informed of the vacancy and that it is required to be filled by election, informed that he is entitled to stand as a candidate, and vote at the election, and given an opportunity to do so.

The number of Parent Governors required shall be made up by Parent Governors appointed by the Governing Body if the number of parents standing for election is less than the number of vacancies.

In appointing a Parent Governor the Governing Body shall appoint a person who is the parent of a registered student at the Academy; or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

Thornden School

Trustees' Report

Method of Recruitment and Appointment or Election of Trustees (continued)

Staff Governors

The Governing Body shall make all necessary arrangements for, and determine all matters relating to, the election and removal of Staff Governors.

Community Governors

The Community Governors may be appointed by the Governing Body provided that the person who is appointed as a Community Governor is:

- a person who lives or works in the community served by the Academy; or
- a person who, in the opinion of the Governing Body, is committed to the government and success of the Academy.

The Governors may not appoint an employee of the Academy Trust as a Community Governor if the number of Governors who are employed by the Academy Trust (including the Principal) would thereby exceed one third of the total number of Governors.

Co-opted Governors

The Governors may appoint up to 3 Co-opted Governors. A 'Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed. The Governors may not co-opt an employee of the Academy Trust as a Co-opted Governor if the number of Governors who are employed by the Academy Trust (including the Principal) would thereby exceed one third of the total number of Governors.

Term of Office

The term of office for any Governor shall be four years, save that this time limit shall not apply to the Headteacher. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

Resignation and Removal

A Governor shall cease to hold office if he resigns his office by notice to the Academy Trust (but only if at least three Governors will remain in office when the notice of resignation is to take effect).

A Governor shall cease to hold office if he is removed by the person or persons who appointed him. This Article does not apply in respect of a Parent Governor.

Co-opted Governors appointed in accordance with Article 59 may be removed by a resolution of the Governing Body provided that no Co-opted Governor may vote on the removal of another Co-opted Governor.

Community Governors appointed in accordance with Article 46(d) may be removed by a resolution of the Governing Body.

Thornden School

Trustees' Report

Method of Recruitment and Appointment or Election of Trustees (continued)

Where a Governor resigns his office or is removed from office, the Governor or, where he is removed from office, those removing him, shall give written notice thereof to the Secretary.

Where an Additional or Further Governor appointed pursuant to Articles 62, 62A or 63 ceases to hold office as a Governor for any reason, other than being removed by the Secretary of State, the Secretary of State shall be entitled to appoint an Additional or Further Governor in his place.

Policies and Procedures Adopted for the Induction and Training of Trustees

Governors have access to the Governor Hub where training is recorded and relevant information and documents such as the Governors handbook are shared. Governor training is provided through a Hampshire County Council service level agreement (SLA) and Governors also have membership of the National Governors Association.

Through the Hampshire SLA Governors also receive annual training as a full governing body (FGB) this training is used to support key areas as agreed by the board and individual training is encouraged through the year to support individual training needs. A training governor supports the FGB to assess skills of the board and identify areas to further strengthen knowledge.

Governors are encouraged to join committees, link with specific areas such as Safeguarding or subject areas, engage with learning walks with the Headteacher and regularly review opportunities within the school.

Organisational Structure

The Board of Trustees of Thornden School Academy Trust devolves the responsibility of the day to day running of the Academy to the Headteacher, who is the Accounting Officer and to the Senior Leadership Team. Their activities and decisions are monitored through a number of Trustee Committees. Those which regularly meet are:

- Audit and Finance Committee - Mr T Ricketts (Chair)
- Curriculum Committee - Dr V Radford (Chair)
- Staffing Committee - Mr R D Boden (Chair)

The Audit & Finance and Curriculum committees meet twice a term and the Staffing usually termly to consider reports from the Senior Leadership Team. The Headteacher attends all meetings.

Audit and Finance

The School Business Manager prepares the financial data which is presented to the committee. Reports are offered on income and expenditure in detail with any variance explained. Any area of material expenditure is agreed at this committee. Finance and other relevant policies are considered and agreed by the committee and where appropriate, taken to the Full Board of Trustees. Building matters and Health and Safety matters are reported to the committee and the chair reports back to the FGB. The Health and Safety governor sits on this committee.

Thornden School

Trustees' Report

Organisational Structure (continued)

Curriculum

Plans, updates and reports relating to curriculum, attainment and standards are presented to this committee. The safeguarding governor sits on this committee and relevant policies are considered and agreed by the committee. The chair reports back to FGB. Any significant change to the curriculum would be discussed and approved by the Trustees.

Staffing

This committee considers and authorises longer term staffing plans along with in year changes. Relevant policies are also considered and agreed by the committee.

In addition to these committees, there is a Pay Committee which is chaired by the Chair of Governors and meets twice a year setting Headteacher targets and considering pay recommendations, targets and reviews for the leadership team. Other committees meet when required and report back to the Full Board of Trustees.

Arrangements for setting pay and remuneration of key management personnel

Pay for leadership personnel is set by the Pay Committee. This includes all members of the Senior Leadership Team who have delegated authority for the day to day running of the school.

Trade union facility time

In accordance with the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, there were no employees who were relevant Union officials during the year and no facility time was provided.

Related Parties and other Connected Charities and Organisations

Subsidiary Company

Thornden School is also the sole shareholder of a trading company – Thornden School Services Ltd (incorporated in England and Wales Registration Number: 7781857. The purpose of this company is to enable the school's facilities to be used by the wider community and for any monies raised to be donated back to the Academy.

The Academy Trust works closely with its six feeder primary schools but has no involvement with the operating policies, leadership or governance of these schools. Where support is offered it is designed to broaden the education of our future students and ensure a smooth transition. The Academy is also a Teaching School, currently working with 30 other partner schools. Again, no involvement with the operating policies, leadership or governance of these schools exists. Part of the Teaching School initiative involves working with student teachers through the School Direct programme. Thornden School became a SCITT in March 2014. Audits and accountability checks are carried out by the National College of Teaching and Learning. The finances are managed within the Academy and are reported on separately.

Thornden School

Trustees' Report

Objectives and Activities

Objects and Aims

The Academy Trust's object ("The Object") is specifically restricted to the following:

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

Objectives, Strategies and Activities

The School Improvement Plan (SIP) outlines the aims and objectives for the year and is reviewed annually. The SIP is then reflected in Departmental Improvement Plans, which in turn are translated into specific targets for individuals within the school which are embedded within the performance management system. This in turn informs training, meeting structures and availability of professional development. The SIP is reviewed through the year at department level, Leadership level and by governors.

The five key areas for improvement were:

1. Overall effectiveness -To develop a coaching culture within the performance management structures linking departmental and whole school performance
2. Leadership -To develop leadership using recognised programmes to support and develop colleagues within school and those that have a remit in work undertaken beyond school
3. Teaching, Learning and Assessment - To develop Reading in year 7 and assessment across the school
4. Personal development, behaviour and welfare – To develop whole school wellbeing for staff and students and celebrate success with students
5. Outcomes for pupils – To support groups identified as performing less well than others and to increase challenge at the start of year 7

Evidence is collected in each of the identified strands through the year, taking comments where appropriate from different stakeholders, using relevant data to meet key performance indicators and ensuring that training sessions and meeting structures supported the areas for improvement.

Thornden School

Trustees' Report

Public Benefit

The Trustees have given due regard to the guidance on public benefit offered in the Charity Commission's general guidance on public benefit. The trustees comply with their duty and exercise powers appropriately.

Thornden School Academy Trust provides an inclusive mixed education for 11-16-year-old students within the local community. Our Admission Policy is clearly stated on our website with no admission made on the basis of ability. The school works closely with Hampshire County Council for both admissions and appeals.

Strategic Report

Achievements and Performance

2018/19 GCSE outcomes achieved by students in Thornden School Academy Trust were very strong in terms of attainment and progress. 90% of students achieved 9-4 grades in English and maths. Attainment and progress were also very positive at 9-5 and 9-7, with a significant improvement at 7+. English Baccalaureate measures at 4+ shows 54% of students achieving this measure, with 44% of students achieving at 5+. Validated progress 8 scores are not available until January 2020, but the non-validated figure is 0.66 indicating students achieved two thirds of a grade beyond what was expected based on data from Key Stage 2. 2018/19 saw an improvement in most of the headline measures and in the areas identified in the Outcome for pupils section of the improvement plan. Internal data suggests that students within the school are all performing in line with our expectation.

The above data is fully supported by external benchmarks demonstrating the continued delivery of outstanding education for our students. Thornden School Academy Trust reaches targets that have been set internally as well as expectations based on national data sets.

Attendance is consistently outstanding with final figure in 2018/19 was 95.5% attendance, exclusion figures are amongst the lowest in the county and permanent exclusions are very rare.

The ethos of the Academy Trust is characterised and supported by various enrichment activities, from individual music lessons (350+ students) to regular sporting, musical and performance based opportunities. Educational trips and activities are undertaken by all students. Trips vary from short local activities to overseas trips which support the curriculum or offer enrichment activities.

Thornden School

Trustees' Report

Key Performance Indicators

The use of target setting, performance management and Benchmarking is informed by the use of data available to the school. The school improvement plan, and departmental improvement plans are linked to whole school objectives and targets are set in agreement with governors who receive regular updates on progress against milestones and comparison with national averages. School admission numbers remain high and there is a waiting list.

Senior Leaders and Governors receive regular management accounts showing financial performance against the agreed budget – this year, despite funding restraints the academy outturn exceeded budget expectations. Audit and Finance Committee receive financial benchmarking reports and review the School Resource Management Tool annually to assess annual income and expenditure KPIs against similar schools.

Going Concern

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

Financial Review

The majority of Thornden School income is sourced from the ESFA as part of the General Annual Grant (GAG) These funds are used to support the key aim of providing quality education for students aged 11 to 16 and helping them realise their full potential. The School Improvement Plan is reviewed annually and GAG funding together with other grants and donations from the trading subsidiary is utilised to fund the objectives agreed. This year as a Teaching School we have also undertaken some significant grant funded projects utilising our staff to support other schools' improvement and offer developmental opportunities.

Due to a catastrophic failure to the Thornden Hall main beam in May 2018, which is a visible and significant tear in the beam supporting the roof: we have had a complex and ongoing project with multi external agencies to firstly stabilise the beam, roof and subsequently the building, then to consider and plan for repair. The Hall has remained closed since May 2018 and we have seen a significant loss in revenue from the trading subsidiary through the loss of hire for this facility. In order to repair the beam Trustees have agreed the future spend from reserves on Building and Structural work up to £100,000 to work towards submission of a large Capital Improvement Bid. Since the beam failure we have worked with Hampshire County Council to make the beam safe and carefully remove sound and lighting panels.

Trustees review and agree any balances that should be held in the account and carried forward into the following financial year where applicable and recorded in the minutes.

The in year net movement in funds for the academy trust (excluding restricted pension fund and restricted fixed asset fund) was a surplus of £270,205.

Thornden School

Trustees' Report

Reserves Policy

Our aim is to use the allocated funding each year for the full benefit of our current students, unrestricted reserves may also be utilised in year where planned in year deficits are expected.

However we also consider it necessary to carry forward some reserves to:

- Provide sufficient working capital to cover delays between spending and receipt of grants;
- Work towards the preparation of a large capital improvement bid to repair the catastrophic failure of the main beam within Thornden Hall to re-enable school and community use.
- To invest in future years' priorities for the children of our school, for example capital projects; and
- To have contingency reserve cover expenditure required for unforeseen circumstances such as urgent maintenance.
- To ensure that staffing levels and class sizes can be maintained at an appropriate ratio and that the students can continue to have access to the broad curriculum.
- To ensure that the increased costs to employers with regards to the minimum wage, the apprenticeship levy and cost of living pay increases can be met whilst managing the cumulative effect of flat allocations.
- Retain a reasonable balance to account for any unforeseen deficits which may occur within the Teaching Schools and SCITT budgets.

The reserves as at 31 August 2019 were as follows:

- Unrestricted (free) reserves of £508,987
- A restricted fixed asset fund of £14,477,386, which can only be realised through disposal of tangible fixed assets
- A pension deficit of £2,669,000
- Other restricted funds of £367,101
- Total funds of £12,684,474

There is a £2,669,000 deficit in respect of the Local Government Pension Scheme. This will result in increased employers' pension contributions over a period of years. We have reflected the effect of increased pension costs in our future budgets. Increased pension contributions will be met from the academy trust's budgeted annual income, and whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund, or direct impact on the free reserves of the academy trust as a result of recognising the deficit.

Thornden School

Trustees' Report

Investment Policy

The primary objective is to maximise investment on any long term accrued balances in order to protect those balances against inflation. The school also aims to invest any other surplus cash funds, as determined by the Business Manager on a short term basis. All investments will be made ensuring there is no tangible risk to the loss of those funds. The policy states:

- There will be sufficient cash balances retained in the bank account to meet the day to day running costs of the school.
- All funds will be invested ensuring that there is no risk to the loss of those funds.
- Capital funds will be invested to protect against inflation.
- Other short term surplus balances will be invested to maximise returns.
- Any other non-cash investments shall only be permissible with prior written approval of the Full Governing Body.

There are two Fixed Term Investment Accounts held with Lloyds Bank, some of which has been invested for a period of several months. The maximum amount of cash is invested although a sensible contingency is retained in the bank current account. Monies invested are deemed to be safe and not invested in stocks and shares where losses could be incurred.

Principal Risks and Uncertainties

Employer responsibility for the Local Government Pension Scheme liabilities has increased and will continue to do so over subsequent years.

The academy is likely to incur further future staff costs under increases to the living wage and nationally agreed increases to pay scales and employer pension rates.

The National Funding Formula, and the continuation of local authority agreed formula changes means that it is difficult to accurately forecast future GAG funding. Grants available from the ESFA continue to change annually and we are unable to assume that these will continue in their current form. The planned spending review in 2020 future income streams are virtually impossible to forecast with confidence. The effects of Brexit and/or a change in government could also affect the cost of goods and services during this period of uncertainty.

Fundraising

As part of its work within the community, the academy trust raises funds in order to support its own operations and also to make donations to local and national charities. The academy trust undertakes all such activities itself, with the help of its students and their families. We confirm that when fundraising:

- No unsolicited approaches are made to members of the public.
- No commercial participators are used.
- No regularity schemes or standards are applicable.
- No complaints were made to the academy trust during the year.

Thornden School

Trustees' Report

Plans for Future Periods

The Academy continues to strive to ensure that all students achieve the best possible outcome. The School Improvement Plan details the key aims and objectives for the year, how this will be achieved, by when and by whom and this is regularly reported back to the Full Governing Body.

Thornden School is in a fortunate position as the number of students has remained consistent for a number of years and we continue to be over subscribed.

Funds Held as Custodian Trustee on Behalf of Others

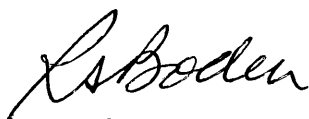
The academy does not hold funds on behalf of others. The trading subsidiary holds a balance of £6759 for Thornden Community Choir and £4259 for Thornden Community Windband.

Auditor

Insofar as the trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 27 November 2019 and signed on the board's behalf by:



D Boden
Trustee

Thornden School

Governance Statement

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met eight 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
Mrs Susan Allen*	8	8
Mr Aiman Alzetani	5	8
Mrs Jacqueline Beckingham	4	8
Mrs Tracey Bevan	7	8
Mr Derek Boden	8	8
Mr Stephen Bowyer*	7	8
Mrs Elizabeth Challand	6	8
Mrs Julie Crouch	8	8
Mr David Francis	6	8
Mrs Amanda Hunter	6	8
Mr Andrew Parr	8	8
Mrs Louise Peaston	8	8
Mrs Julie Pinnock	7	8
Dr Veronica Radford	7	8
Mr Timothy Ricketts	7	8
Mrs Philippa Roberts	8	8
Mr Philip Sampson	6	8
Miss Suzanne Whelan	8	8
Mr Graham Yates ~	3	8

* Governor resigned

~ Elected part way through year

Thornden School

Governance Statement

Governance (continued)

The Audit and Finance Committee is a sub-committee of the main board of trustees. Its purpose is:

- To assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the GB's responsibility to ensure sound management of the school's finances and resources, including proper planning, monitoring and probity.
- To make recommendations to the GB whilst ensuring that major issues are referred to them for ratification.
- The Audit aspect will maintain an oversight of the Academy's governance, risk management, internal control and value for money processes.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs Susan Allen*	6	6
Mrs Julie Crouch	6	6
Mrs Louise Peaston	5	6
Mr Timothy Ricketts	6	6
Mr Philip Sampson	4	6
Miss Suzanne Whelan	6	6

* Governor resigned

Review of Value for Money

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

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of 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:

- Reviewing and negotiating contracts for renewal to ensure best value e.g. Grounds Maintenance and Property Services
- Ensuring quotations are obtained for purchases over a certain level
- Considering staffing against the needs of the curriculum and assessing all vacancies against need

Thornden School

Governance Statement

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

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

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed Hopper Williams & Bell Limited, the external auditor, to perform additional checks.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/bank reconciliations
- testing of compliance with the Academies Financial Handbook

Thornden School

Governance Statement

The Risk and Control Framework (continued)

On a bi-annual basis, the auditor reports to the board of trustees, through the audit and finance committee, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The auditor has delivered a comprehensive schedule of work as planned and there are no material control issues arising as a result of the auditor's work.

Review of Effectiveness

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

- the work of the internal auditor
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the board of trustees on 27 November 2019 and signed on its behalf by:



D Boden
Trustee



S Whelan
Accounting Officer

Thornden School

Statement of Regularity, Propriety and Compliance

As accounting officer of Thornden School I have considered my responsibility to notify the academy trust 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 trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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



S Whelan

Accounting Officer

27 November 2019

Thornden School

Statement of Trustees' Responsibilities

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

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

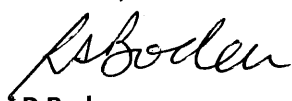
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 group and 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 group'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 27 November 2019 and signed on its behalf by:



D Boden
Trustee

Thornden School

Independent Auditor's Report on the Financial Statements to the Members of Thornden School

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 August 2019 and of the group's 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2018 to 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

Thornden School

Independent Auditor's Report on the Financial Statements to the Members of Thornden School

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 auditor's report thereon. It includes the Reference and Administrative Details, the Report of the Directors and 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Thornden School

Independent Auditor's Report on the Financial Statements to the Members of Thornden School

Responsibilities of the trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable to 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 group's and the parent charitable company'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 group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

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

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

Use of our report

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



R Hurst FCA (Senior statutory auditor)

For and on behalf of Hopper Williams & Bell Limited

Statutory Auditor

Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

Date6 December 2019.....

Thornden School

Independent Reporting Accountant's Assurance Report on Regularity to Thornden School and the Education & Skills Funding Agency

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

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

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

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

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

Thornden School

Independent Reporting Accountant's Assurance Report on Regularity to Thornden School and the Education & Skills Funding Agency

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- planning of assurance procedures including identifying key risks;
- substantive testing including analytical review;
- concluding on procedures carried out.

Substantive testing included the following procedures:


- confirming that activities conform to the Academy Trust's framework of authorities;
- considering the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance;
- evaluating the general control environment of the Academy Trust;
- testing a sample of transactions to consider whether the transaction is permissible within the Academy Trust's framework of authorities;
- confirming whether any extra-contractual payments have been made and whether appropriate authority was obtained;
- reviewing documentation for evidence of borrowing and confirming if approval was obtained from the ESFA;
- confirming whether ESFA approval was obtained for any disposals of assets;
- reviewing the internal control procedures relating to credit cards;
- reviewing for any indication of purchases for personal use by staff or officers;
- reviewing the list of suppliers to consider whether supplies are from related parties;
- considering whether income generating activities are permissible within the Academy Trust's charitable objects;
- reviewing whether lettings to related parties are made at favourable rates.

Thornden School

Independent Reporting Accountant's Assurance Report on Regularity to Thornden School and the Education & Skills Funding Agency

Conclusion

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



R Hurst FCA

Reporting Accountant

Hopper Williams & Bell Limited

Chartered Accountants

Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

Date 6 December 2019

Thornden School

Consolidated Statement of Financial Activities for the year ended 31 August 2019 (including Income and Expenditure Account)

	Note	Un-restricted funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	2018/19 Total £	2017/18 Total £
Income and endowments from:							
Donations and capital grants	2	-	24,986	-	100,644	125,630	306,863
Charitable activities:							
Funding for the academy trust's educational operations	3	-	8,525,031	-	-	8,525,031	8,040,982
Teaching schools	27	27,533	388,318	-	-	415,851	415,323
Other trading activities	4	251,964	-	-	-	251,964	485,359
Investments	5	4,839	-	-	-	4,839	3,798
Total		284,336	8,938,335	-	100,644	9,323,315	9,252,325
Expenditure on:							
Raising funds	6	136,746	-	-	-	136,746	279,325
Charitable activities:							
Academy trust educational operations	7	4,726	8,311,346	321,000	324,921	8,961,993	8,802,768
Teaching school	27	24,967	451,287	-	-	476,254	266,335
Total		166,439	8,762,633	321,000	324,921	9,574,993	9,348,428
Net income / (expenditure)		117,897	175,702	(321,000)	(224,277)	(251,678)	(96,103)
Transfers between funds	18	-	(23,394)	-	23,394	-	-
Other recognised gains / (losses):							
Actuarial (losses) / gains on defined benefit pension schemes	25	-	-	(802,000)	-	(802,000)	449,000
Net movement in funds		117,897	152,308	(1,123,000)	(200,883)	(1,053,678)	352,897
Reconciliation of funds							
Total funds brought forward		391,090	214,793	(1,546,000)	14,678,269	13,738,152	13,385,255
Total funds carried forward		508,987	367,101	(2,669,000)	14,477,386	12,684,474	13,738,152

The notes on pages 29 to 52 form part of these financial statements.

Thornden School

Group and Academy Balance Sheets as at 31 August 2019

Company Number 07562918

	Note	Group		Academy	
		2019	2018	2019	2018
		£	£	£	£
Fixed assets					
Tangible assets	11	14,441,676	14,678,269	14,441,676	14,678,269
Investments	12	-	-	1	1
		14,441,676	14,678,269	14,441,677	14,678,270
Current assets					
Stock	13	1,050	1,050	-	-
Debtors	14	223,086	352,134	205,813	333,865
Investments	15	1,000,000	-	1,000,000	-
Cash at bank and in hand		703,566	1,563,720	513,876	1,285,385
		1,927,702	1,916,904	1,719,689	1,619,250
Liabilities					
Creditors: Amounts falling due within one year	16	(758,579)	(993,786)	(681,860)	(914,890)
Net current assets		1,169,123	923,118	1,037,829	704,360
Total assets less current liabilities		15,610,799	15,601,387	15,479,506	15,382,630
Creditors:					
Amounts falling due after more than one year	17	(257,325)	(317,235)	(257,325)	(317,235)
Net assets excluding pension liability		15,353,474	15,284,152	15,222,181	15,065,395
Defined benefit pension scheme liability	25	(2,669,000)	(1,546,000)	(2,669,000)	(1,546,000)
Total net assets		12,684,474	13,738,152	12,553,181	13,519,395
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	18	14,477,386	14,678,269	14,477,386	14,678,269
Restricted income fund	18	367,101	214,793	367,101	214,793
Pension reserve	18	(2,669,000)	(1,546,000)	(2,669,000)	(1,546,000)
Total restricted funds		12,175,487	13,347,062	12,175,487	13,347,062
Unrestricted income funds	18	508,987	391,090	377,694	172,333
Total funds		12,684,474	13,738,152	12,553,181	13,519,395

The financial statements on pages 26 to 52 were approved by the trustees and authorised for issue on 27 November 2019 and are signed on their behalf by:



D Boden
Trustee

The notes on pages 29 to 52 form part of these financial statements.

Thornden School

Statement of Cash Flows for the year ended 31 August 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	21	228,174	983,117
Cash flows from investing activities	22	(1,088,328)	57,035
Change in cash and cash equivalents in the reporting period		<u>(860,154)</u>	<u>1,040,152</u>
Cash and cash equivalents at 1 September		1,563,720	523,568
Cash and cash equivalents at 31 August	23	<u>703,566</u>	<u>1,563,720</u>

Thornden School

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

1 Accounting policies

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

Basis of Preparation

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

Going Concern

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

Income

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

- **Grants**

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

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

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

- **Donations**

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

Thornden School

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

Income (continued)

- **Other Income**

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

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

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

All resources expended are inclusive of irrecoverable VAT.

Thornden School

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

Tangible Fixed Assets

Assets costing £2,500 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.

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

Leasehold Land and Buildings	Shorter of 50 years straight line or length of lease
Leasehold Improvements	15 and 50 years - straight line
Furniture and Equipment	3 and 7 years - straight line
Computer Equipment	3 years - straight line
Motor Vehicles	5 years - straight line

Long leasehold land has not been depreciated as it is similar to freehold land, which does not require depreciation.

Where the academy trust can identify the value of major components of freehold or leasehold buildings based upon additions following conversion to academy status, the academy trust reviews whether one or more such components have significantly different patterns of consumption of economic benefits. In such cases, the academy trust allocates the cost of the asset to its major components and depreciates each component separately over its useful life.

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.

Liabilities

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

Thornden School

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

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Financial Instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments.

Current asset investments

Current asset investments comprise fixed term bank deposits. These investments are classified as a basic financial instrument and are measured at amortised cost.

Cash at bank

Cash at bank is classified as a basic financial instrument and is measured at face value. An investment is treated as a cash equivalent when it has a short maturity of three months or less from the date of acquisition.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

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

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

Thornden School

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

Pensions Benefits

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

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

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

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

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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.

Thornden School

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

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

The assumptions used are disclosed in note 25.

Critical areas of judgement

There are no other critical areas of judgement.

2 Donations and capital grants

	Unrestricted funds	Restricted funds	2018/19 Total	2017/18 Total
	£	£	£	£
Capital grants	-	100,644	100,644	282,416
Other donations	-	24,986	24,986	24,447
	-	125,630	125,630	306,863
<i>Total 2018</i>	-	306,863	306,863	

Thornden School

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

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
DfE / ESFA grants				
General Annual Grant (GAG)	-	6,672,308	6,672,308	6,322,954
Pupil premium	-	96,447	96,447	92,439
Other DfE Group grants	-	79,546	79,546	9,931
ITT Bursaries Grants	-	735,877	735,877	644,473
Teaching School Grants	27,533	388,318	415,851	415,323
	<u>27,533</u>	<u>7,972,496</u>	<u>8,000,029</u>	<u>7,485,120</u>
Other Government grants				
Local authority grants	-	45,591	45,591	71,376
Other income from the academy trust's educational operations				
Trip income	-	238,284	238,284	545,085
Tuition fee income	-	196,218	196,218	144,409
Other income	-	460,760	460,760	210,315
	<u>-</u>	<u>895,262</u>	<u>895,262</u>	<u>899,809</u>
	<u>27,533</u>	<u>8,913,349</u>	<u>8,940,882</u>	<u>8,456,305</u>
<i>Total 2018</i>	<u>-</u>	<u>8,456,305</u>	<u>8,456,305</u>	

4 Other trading activities

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
Hire of facilities	116,008	-	116,008	161,440
Ticket sales	81,635	-	81,635	223,403
Other trading income	54,321	-	54,321	100,516
	<u>251,964</u>	<u>-</u>	<u>251,964</u>	<u>485,359</u>
<i>Total 2018</i>	<u>485,359</u>	<u>-</u>	<u>485,359</u>	

Thornden School

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

5 Investment income

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
Short term deposits	4,839	-	4,839	3,798
<i>Total 2018</i>	<i>3,798</i>	<i>-</i>	<i>3,798</i>	

6 Expenditure

	Staff costs £	Non Pay Expenditure		Total 2018/19 £	Total 2017/18 £
		Premises £	Other £		
Expenditure on raising funds	15,203	-	121,543	136,746	279,325
Academy's educational operations:					
Direct costs	4,562,210	-	1,725,969	6,288,179	6,432,898
Allocated support costs	1,711,917	674,195	287,702	2,673,814	2,369,870
Teaching School	145,213	-	331,041	476,254	266,335
	6,434,543	674,195	2,466,255	9,574,993	9,348,428
<i>Total 2018</i>	<i>6,135,481</i>	<i>537,931</i>	<i>2,675,016</i>	<i>9,348,428</i>	

Net income/(expenditure) for the period includes:

	2018/19 £	2017/18 £
Operating lease rentals	24,998	20,906
Depreciation	324,921	319,068
Fees payable to auditor for:		
Audit	10,035	9,840
Other services	8,360	6,768

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000	
		Amount £	Reason
Gifts made by the academy trust	767	-	-

Thornden School

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

7 Charitable activities

	2018/19 Total £	2017/18 Total £
Direct costs	6,764,433	6,699,233
Support costs	2,673,814	2,369,870
	<u>9,438,247</u>	<u>9,069,103</u>

Analysis of support costs:

	Educational operations £	2018/19 Total £	2017/18 Total £
Support staff costs	1,711,917	1,711,917	1,544,439
Depreciation	52,733	52,733	49,583
Technology costs	56,501	56,501	61,277
Premises costs	674,195	674,195	537,931
Other support costs	160,836	160,836	159,528
Governance costs	17,632	17,632	17,112
Total support costs	<u>2,673,814</u>	<u>2,673,814</u>	<u>2,369,870</u>
<i>Total 2018</i>		<u>2,369,870</u>	<u>2,369,870</u>

Thornden School

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

8 Staff

a) Staff costs

Staff costs during the period were:

	2018/19	2017/18
	£	£
Wages and salaries	4,798,940	4,667,118
Social security costs	483,786	474,806
Pension costs	1,133,817	973,181
	6,416,543	6,115,105
Agency staff costs	17,085	20,376
Staff restructuring costs	915	-
	6,434,543	6,135,481

Staff restructuring costs comprise:

Redundancy payments	915	-
	915	-

b) Staff numbers

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

	2018/19	2017/18
	No.	No.
Teachers	100	97
Administration and support	75	73
Management	7	7
	182	177

c) Higher paid staff

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

	2018/19	2017/18
	No.	No.
£60,000 - £70,000	2	3
£70,001 - £80,000	2	2
£80,001 - £90,000	1	-
£100,001 - £110,000	1	1

d) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £655,321 (2018: £607,123).

Thornden School

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

9 Related Party Transactions – Trustees’ remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. 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:

		2018/19	2017/18
		£000	£000
J Beckingham (Staff trustee)	Remuneration	25-30	30-35
	Employer’s pension contributions paid	0-5	0-5
T Bevan (Staff trustee)	Remuneration	45-50	45-50
	Employer’s pension contributions paid	5-10	5-10
L Fogleman-Peaston (Staff trustee)	Remuneration	45-50	40-45
	Employer’s pension contributions paid	5-10	5-10
P Roberts (Staff trustee)	Remuneration	55-60	50-55
	Employer’s pension contributions paid	5-10	5-10
S Whelan (Staff trustee)	Remuneration	100-105	95-100
	Employer’s pension contributions paid	15-20	15-20

During the period ended 31 August 2019, travel and subsistence expenses totalling £301 were reimbursed or paid directly to three trustees (2018: £1,420 to four trustees).

10 Trustees and officers insurance

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

Thornden School

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

11 Tangible fixed assets

Group and Academy	Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost					
At 1 September 2018	16,410,826	2,220,289	863,892	5,000	19,500,007
Acquisitions	-	-	88,328	-	88,328
At 31 August 2019	16,410,826	2,220,289	952,220	5,000	19,588,335
Depreciation					
At 1 September 2018	1,909,327	2,074,019	833,392	5,000	4,821,738
Charged in year	272,188	24,140	28,593	-	324,921
At 31 August 2019	2,181,515	2,098,159	861,985	5,000	5,146,659
Net book values					
At 31 August 2018	14,501,499	146,270	30,500	-	14,678,269
At 31 August 2019	14,229,311	122,130	90,235	-	14,441,676

12 Fixed asset investments

	Academy	
	2018/19	2017/18
	£	£
Shares in group undertakings	1	1

The investment represents 100% of the ordinary share capital of Thornden School Services Limited, whose principal activity is to carry out trading activities in support of the academy.

13 Stock

	Group		Academy	
	2018/19	2017/18	2018/19	2017/18
	£	£	£	£
Other stocks	1,050	1,050	-	-

Thornden School

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

14 Debtors

	Group		Academy	
	2018/19	2017/18	2018/19	2017/18
	£	£	£	£
Trade debtors	22,573	23,585	5,216	5,624
VAT recoverable	9,889	27,821	10,281	27,821
Other debtors	-	25,539	-	25,539
Prepayments and accrued income	190,624	275,189	190,316	274,881
	223,086	352,134	205,813	333,865

15 Current asset investments

	Group		Academy	
	2018/19	2017/18	2018/19	2017/18
	£	£	£	£
Bank deposits	1,000,000	-	1,000,000	-

16 Creditors: amounts falling due within one year

	Group		Academy	
	2018/19	2017/18	2018/19	2017/18
	£	£	£	£
Trade creditors	95,999	270,925	95,037	265,271
Other taxation and social security	116,289	117,650	116,289	117,639
Loans falling due within one year	33,242	33,242	33,242	33,242
Other creditors falling due within one year	113,374	194,732	113,374	194,732
Accruals and deferred income	399,675	377,237	323,918	304,006
	758,579	993,786	681,860	914,890

	Group		Academy	
	2018/19	2017/18	2018/19	2017/18
	£	£	£	£
Deferred income at 1 September 2018	338,264	298,515	269,513	276,534
Released from previous years	(338,264)	(298,515)	(269,513)	(276,534)
Resources deferred in the year	344,203	338,264	272,136	269,513
Deferred income at 31 August 2019	344,203	338,264	272,136	269,513

At the balance sheet date the academy trust was holding funds received in advance for school trips which relate to the forthcoming academic year. The academy trust was also holding funds in respect of the future maintenance of its tennis court, as follows:

	Group		Academy	
	2018/19	2017/18	2018/19	2017/18
	£	£	£	£
Brought forward	50,343	46,343	-	-
Contributions	4,000	4,000	-	-
Carried forward	54,343	50,343	-	-

Thornden School

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

17 Creditors: amounts falling due in greater than one year

	2018/19	2017/18	2018/19	2017/18
	£	£	£	£
Loans falling due after one year	143,992	177,235	143,992	177,235
Accruals and deferred income after one year	113,333	140,000	113,333	140,000
	<u>257,325</u>	<u>317,235</u>	<u>257,325</u>	<u>317,235</u>

Included within other creditors falling due after more than one year are loans as follows:

1) £70,302 (2018: £90,390) Salix Finance loan which is repayable in 12 equal bi-annual installments from March 2018 to September 2023.

2) £73,690 (2018: £86,845) Condition Improvement Fund loan which is repayable in 96 equal monthly installments from September 2018 to August 2026.

Included within deferred income falling due after more than one year is £113,333 (2018: £140,000) in respect of deferred catering income from HC3S (Hampshire County Council Catering Services).

Thornden School

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

18 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2019 £
Restricted general funds						
General Annual Grant (GAG)	-	6,672,308	(6,461,253)	(23,394)	-	187,661
Pupil Premium	-	96,447	(96,447)	-	-	-
Other DfE/ESFA grants	-	79,546	(79,546)	-	-	-
Other government grants	-	45,591	(45,591)	-	-	-
Teaching School	-	262,282	(159,848)	-	-	102,434
SSIF - The Basingstoke Project	166,801	126,036	(291,439)	-	-	1,398
Schools Direct / SCITT	21,477	735,877	(693,357)	-	-	63,997
School Fund	26,515	18,652	(33,556)	-	-	11,611
Other educational activities	-	901,596	(901,596)	-	-	-
	214,793	8,938,335	(8,762,633)	(23,394)	-	367,101
Pension reserve	(1,546,000)	-	(321,000)	-	(802,000)	(2,669,000)
	(1,331,207)	8,938,335	(9,083,633)	(23,394)	(802,000)	(2,301,899)
Restricted fixed asset funds						
Fixed asset fund	14,678,269	-	(324,921)	88,328	-	14,441,676
DfE Group capital grants (DFC)	-	100,644	-	(64,934)	-	35,710
	14,678,269	100,644	(324,921)	23,394	-	14,477,386
Total restricted funds	13,347,062	9,038,979	(9,408,554)	-	(802,000)	12,175,487
Total unrestricted funds	391,090	284,336	(166,439)	-	-	508,987
Total funds	13,738,152	9,323,315	(9,574,993)	-	(802,000)	12,684,474

Thornden School

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

18 Funds (continued)

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

General annual grant

This includes all funding received from the ESFA to carry out the objectives of the academy. It includes the school budget share; minimum funding guarantee; education services grant; insurance; rates; and pre- and post-16 high needs funding streams.

Other DfE/ESFA grants

This is funding received from the ESFA for specific purposes, for example pupil premium funding.

Teaching School

Teaching schools are outstanding schools that work with others to provide high quality training and development to new and experienced school staff. This is funding received from the DfE/ESFA for this purpose.

Schools Direct & SCITT

This is funding received from the DfE/ESFA in respect of School Direct courses for initial teacher training.

Local authority grants

This is funding received from the local authority for specific purposes, for example Special Educational Needs funding.

Other educational activities

This includes all other educational income/expenditure.

Pension reserve

This represents the negative reserve in respect of the liability on the LGPS pension scheme which was transferred to the academy trust on conversion.

Fixed asset fund

The fund includes the value of the tangible fixed assets of the academy on conversion, and amounts transferred from GAG or other restricted funds specifically for expenditure on tangible fixed assets, and the annual charges for depreciation of these assets.

DfE/ESFA capital grants

This is funding received from the DfE/ESFA specifically for expenditure on tangible fixed assets.

Transfers between funds

Transfers to the restricted fixed asset fund represent the cost of fixed asset additions which have been funded from restricted or unrestricted general funds.

Thornden School

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

18 Funds (continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2018 £
Restricted general funds						
General Annual Grant (GAG)	-	6,322,954	(6,510,933)	187,979	-	-
Pupil Premium	-	92,439	(92,439)	-	-	-
Other DfE/ESFA grants	-	9,931	(9,931)	-	-	-
Other government grants	-	71,376	(71,376)	-	-	-
Teaching School	-	87,580	(105,393)	17,813	-	-
SSIF - The Basingstoke Project	-	327,743	(160,942)	-	-	166,801
Schools Direct / SCITT	39,197	644,473	(662,193)	-	-	21,477
School Fund	29,431	1,000	(3,916)	-	-	26,515
Other educational activities	-	923,256	(923,256)	-	-	-
	68,628	8,480,752	(8,540,379)	205,792	-	214,793
Pension reserve	(1,792,000)	-	(203,000)	-	449,000	(1,546,000)
	(1,723,372)	8,480,752	(8,743,379)	205,792	449,000	(1,331,207)
Restricted fixed asset funds						
Fixed asset fund	14,304,372	-	(319,068)	692,965	-	14,678,269
DfE Group capital grants (DFC)	28,841	28,131	-	(56,972)	-	-
DfE Group capital grants (CIF)	-	254,285	-	(254,285)	-	-
	14,333,213	282,416	(319,068)	381,708	-	14,678,269
Total restricted funds	12,609,841	8,763,168	(9,062,447)	587,500	449,000	13,347,062
Total unrestricted funds	775,414	489,157	(285,981)	(587,500)	-	391,090
Total funds	13,385,255	9,252,325	(9,348,428)	-	449,000	13,738,152

Thornden School

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

19 Analysis of net assets between funds

	Un-restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	14,441,676	14,441,676
Current assets	585,706	1,306,286	-	35,710	1,927,702
Current liabilities	(76,719)	(681,860)	-	-	(758,579)
Non-current liabilities	-	(257,325)	-	-	(257,325)
Pension scheme liability	-	-	(2,669,000)	-	(2,669,000)
Total net assets	508,987	367,101	(2,669,000)	14,477,386	12,684,474

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

	Un-restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	14,678,269	14,678,269
Current assets	469,986	1,446,918	-	-	1,916,904
Current liabilities	(78,896)	(914,890)	-	-	(993,786)
Non-current liabilities	-	(317,235)	-	-	(317,235)
Pension scheme liability	-	-	(1,546,000)	-	(1,546,000)
Total net assets	391,090	214,793	(1,546,000)	14,678,269	13,738,152

20 Commitments under operating leases

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018/19	2017/18
	£	£
Amounts due within one year	15,134	20,071
Amounts due between one and five years	18,630	14,386
Amounts due after five years	11,412	-
	45,176	34,457

Thornden School

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

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

	2018/19	2017/18
	£	£
Net expenditure for the reporting period	(251,678)	(96,103)
Adjusted for:		
Depreciation	324,921	319,068
Defined benefit pension scheme cost less contributions payable	282,000	161,000
Defined benefit pension scheme finance cost	39,000	42,000
Decrease / (increase) in stocks	-	(144)
Decrease in debtors	129,048	231,380
(Decrease) / increase in creditors	(295,117)	325,916
Net cash provided by Operating Activities	<u>228,174</u>	<u>983,117</u>

22 Cash flows from investing activities

	2018/19	2017/18
	£	£
(Increase) / decrease in current asset investments	(1,000,000)	750,000
Purchase of tangible fixed assets	(88,328)	(692,965)
Net cash (used in) / provided by investing activities	<u>(1,088,328)</u>	<u>57,035</u>

23 Analysis of cash and cash equivalents

	2018/19	2017/18
	£	£
Cash in hand and at bank	<u>703,566</u>	<u>1,563,720</u>

24 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.

Thornden School

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

25 Pension and similar obligations

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

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

Contributions amounting to £106,130 were payable to the schemes at 31 August 2019 (2018: £103,677) and are included within creditors.

Teachers' Pension Scheme

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

The Teachers' Pension budgeting and valuation account

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

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

Valuation of the Teachers' Pension Scheme

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

A copy of the latest valuation report can be found on the Teachers' Pension Scheme website at:
<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

Thornden School

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

25 Pension and similar obligations (continued)

Scheme changes

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

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

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

The employer's pension costs paid to TPS in the period amounted to £584,462 (2018: £563,208).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was as follows:

	2019	2018
	£	£
Employer's contributions	256,000	239,000
Employees' contributions	73,000	73,000
	<u>329,000</u>	<u>312,000</u>

The agreed contribution rates for future years are 16.1% for employers and 5.5% to 12.5% for employees.

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

Thornden School

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

25 Pension and similar obligations (continued)

Principal actuarial assumptions

	2019	2018
Rate of increase in salaries	3.6%	3.6%
Rate of increase for pensions in payment/inflation	2.1%	2.1%
Discount rate for scheme liabilities	1.8%	2.8%
Inflation assumption (CPI)	2.1%	2.1%

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

	2019	2018
<i>Retiring today</i>		
Males	23.1	24.1
Females	25.8	27.2
<i>Retiring in 20 years</i>		
Males	24.7	26.2
Females	27.6	29.4

Sensitivity analysis

	Increase/(reduction) in defined benefit obligation	
	2019	2018
	£	£
Discount rate +0.1%	(139,000)	(108,000)
Discount rate -0.1%	142,000	111,000
Mortality assumption – 1 year increase	233,000	152,000
Mortality assumption – 1 year decrease	(231,000)	(152,000)

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

	2019	2018
	£	£
Equities	2,492,000	2,412,000
Property	298,000	260,000
Government bonds	853,000	864,000
Corporate bonds	-	45,000
Cash	79,000	87,000
Other	417,000	107,000
Total market value of assets	4,139,000	3,775,000

The actual return on scheme assets was £228,000 (2018: £245,000).

Thornden School

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

25 Pension and similar obligations (continued)

Amount recognised in the Statement of Financial Activities

	2018/19	2017/18
	£	£
Current service cost	370,000	400,000
Past service cost	168,000	-
Interest income	(108,000)	(85,000)
Interest cost	147,000	127,000
Total amount recognised in the SOFA	<u>577,000</u>	<u>442,000</u>

The past service cost represents an actuarial estimate of the additional underpin liability arising as a result of the McCloud/Sargeant judgement in December 2018 and the Supreme Court's decision not to allow the Government an appeal on 27 June 2019.

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

	2018/19	2017/18
	£	£
At 1 September	5,321,000	5,067,000
Current service cost	370,000	400,000
Interest cost	147,000	127,000
Employee contributions	73,000	73,000
Actuarial loss / (gain)	922,000	(289,000)
Benefits paid	(193,000)	(57,000)
Past service cost	168,000	-
At 31 August	<u>6,808,000</u>	<u>5,321,000</u>

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

	2018/19	2017/18
	£	£
At 1 September	3,775,000	3,275,000
Interest income	108,000	85,000
Actuarial gain	120,000	160,000
Employer contributions	256,000	239,000
Employee contributions	73,000	73,000
Benefits paid	(193,000)	(57,000)
At 31 August	<u>4,139,000</u>	<u>3,775,000</u>

Deficit at 31 August 2019	<u>(2,669,000)</u>	<u>(1,546,000)</u>
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26 Related party transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.

Thornden School

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

27 Teaching school trading account

	2018/19 £	2018/19 £	2017/18 £	2017/18 £
Income				
Direct Income	<u>415,851</u>		<u>415,323</u>	
Total Income		415,851		415,323
Expenditure				
Direct staff costs	145,213		72,466	
Other direct costs	<u>331,041</u>		<u>193,869</u>	
Total Expenditure		476,254		266,335
Transfers between funds excluding depreciation		<u>-</u>		<u>17,813</u>
Surplus/(Deficit) from all sources		(60,403)		166,801
Teaching school balances at 1 September 2018		<u>166,801</u>		<u>-</u>
Teaching school balances at 31 August 2019		<u>106,398</u>		<u>166,801</u>
Represented by:				
Restricted funds		103,832		166,801
Unrestricted funds		<u>2,566</u>		<u>-</u>
		<u>106,398</u>		<u>166,801</u>