

**Company Registration No. 11281798 (England and Wales)**

**DESBOROUGH COLLEGE ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

# DESBOROUGH COLLEGE ACADEMY TRUST

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# DESBOROUGH COLLEGE ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

Nigel Cook  
Margaret Brown (Resigned 5 February 2020)  
Louise Ceska  
Grahame Fisher  
Richard Jarrett

### Trustees

Saghir Ahmed (Resigned 6 January 2020)  
Margaret Brown (Resigned 1 April 2020)  
Nigel Cook (Resigned 13 July 2020)  
Zarqa Raja-Asqhar  
Andrew Reekes (Resigned 19 September 2019)  
John Sparks  
Derek Wilson  
Paulo Honrado (Resigned 5 November 2020)  
Emma O'Connor  
Ash Sanger (Resigned 23 September 2019)  
Robert Watson (Resigned 1 September 2020)  
Claire Murray  
Harry Crump (Appointed 15 November 2019)  
Alexander Hughes (Appointed 15 November 2019)  
Derek Moss (Chair) (Appointed 28 April 2020)

### Senior leadership team

- Principal	Margaret Callaghan
- Vice Principal	Catherine Harden
- Vice Principal	Andrew Wyles
- Senior Assistant Principal	Bernadette Eaves
- Assistant Principal	Daniel Clawson
- School Business Manager	Jane Wallis

### Company registration number

11281798 (England and Wales)

### Principal and registered office

Desborough College  
Shoppenhangers Road  
Maidenhead  
Berkshire  
SL6 2QB  
UK

### Independent auditor

Azets Audit Services  
Thorpe House  
93 Headlands  
Kettering  
Northamptonshire  
NN15 6BL

### Bankers

Lloyds Bank Plc  
45 High Street  
Maidenhead  
SL6 1JS

# DESBOROUGH COLLEGE ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### **Solicitors**

Wrigleys Solicitors LLP  
19 Cookridge Street  
Leeds  
LS2 3AG

# DESBOROUGH COLLEGE ACADEMY TRUST

## TRUSTEES' REPORT

### *FOR THE YEAR ENDED 31 AUGUST 2020*

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

The Academy Trust operates an Academy for pupils aged 11 to 18 serving a catchment area in Maidenhead. It has a pupil capacity of 1,150 and had a roll of 935 in the school census on 4 October 2019.

#### **Structure, governance and management**

##### Constitution

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

The charitable company operates as Desborough College Academy Trust.

The Trustees of Desborough College Academy Trust are also the directors of the charitable company for the purposes of company law. 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

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

##### Method of recruitment and appointment or election of Trustees

The Members may appoint up to 11 Trustees.

Parent Trustees are elected by parents of registered pupils of the Academy. A Parent Trustee must be a parent of a pupil at the Academy at the time of election. Any election of Parent Trustees which is contested shall be held by secret ballot.

Trustees may also appoint up to 3 Co-Opted Trustees, but must be appointed by Trustees that were not themselves appointed as Co-Opted Trustees.

##### Policies and procedures adopted for the induction and training of Trustees

Trustees are invited to attend meetings of each sub-committee in order to gain an understanding of its work. They are provided with copies of documents as recommended in the Academies Financial Handbook such as Charity Commission publications "The Essential Trustee - what you need to know", "Internal Financial Controls for Charities", and "Charities and Risk Management - a guide for trustees".

# DESBOROUGH COLLEGE ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

### *FOR THE YEAR ENDED 31 AUGUST 2020*

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#### Organisational structure

The Academy is governed by the Members of the Academy Trust and Board of Trustees as per the Memorandum and Article of Association which are the primary Governing documents of the Academy. The Members of the Academy Trust comprise of:

- Signatories of the Memorandum
- One person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose
- The chairman of the Trustees; and
- Any person appointed under Article 16

Members may appoint up to 11 Trustees. Members and Trustees who were in office 31 August 2020 and served during the period are listed on page 1.

The Board of Trustees is responsible for the strategic management and objectives of Desborough College Academy Trust, including annual budgets, senior staff appointments and making decisions about the direction of the Academy. The Trustees are responsible for monitoring the performance of the Principal on a regular basis.

To do this effectively the Board of Trustees has created various sub-committees. Each has clearly defined Terms of Reference, membership and extent of delegated powers devolved to them on behalf of the Board of Trustees:

- Finance, Resources and Audit Committee
- Standards and Pupil Matters Committee

These committees report to the Board of Trustees which meets at least 3 times per year.

School policies are developed by senior members of the Academy staff to reflect both the strategic direction agreed by the Trustees and also statutory requirements. These policies are approved and adopted by the Board of Trustees and implemented as procedures and systems by the Senior Leadership Team and other designated members of staff.

The Principal (Accounting Officer) and Senior Leadership Team are responsible for the day to day running of the School (internal organisation, management and control). The Senior Leadership Team currently comprises of two Vice Principals, two Assistant Principals and the School Business Manager.

The pastoral welfare for students within the school is led by a Vice Principal and supported by five Heads of Year.

#### Arrangements for setting pay and remuneration of key management personnel

Members of the Academy's leadership team are paid on the Leadership Pay Scale, as set by the Board of Trustees in accordance with the School teachers' pay and conditions (STPCD). The positions of Principal, Vice Principal and Assistant Principal are allocated Leadership Pay bands. Progression through the pay band is determined by an annual pay review and is carried out at the same time and in the same manner as pay reviews for all teaching staff, by the Pay Review Committee in November.

# DESBOROUGH COLLEGE ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2020**

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### Trade union facility time

#### *Relevant union officials*

Number of employees who were relevant union officials during the relevant period	1
Full-time equivalent employee number	1.00

#### *Percentage of time spent on facility time*

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

#### *Percentage of pay bill spent on facility time*

Total cost of facility time	-
Total pay bill	3,251,000
Percentage of the total pay bill spent on facility time	-

#### *Paid trade union activities*

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
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### Related parties and other connected charities and organisations

Desborough College Academy Trust is part of a consortium of schools providing sixth form education, Partner schools are Radley College, Newlands Girls' School, Wycombe High School, Holyport School, Cox Green School, Altwood CofE School, University of Reading, and Furze Platt Senior School.

### **Objectives and activities**

#### Objects and aims

We believe that educating the character of a young person through outstanding teaching, with the support of parents and the local community, brings success that is life lasting and life changing. We believe that the success of the education we provide is measured not just by outstanding academic outcomes, but also by the success and fulfilment achieved through the breadth of our extra-curricular opportunities, and crucially by the character of the students who graduate from our school.

Desborough College, up to the age of 18, is a boys' school and is characterised by a boy-friendly environment where lessons are typically energetic, challenging and fun; where teachers genuinely enjoy working with boys and understand implicitly what makes them tick; where there is so much going on outside of the classroom that everyone can find something that they can excel at whether that be as a scrum half, jazz saxophonist or chess player. We aspire to provide that educational alchemy which taps into the core strengths of boys: their innate sense of fair play, their sense of humour and their sheer determination to succeed. We deliberately and intentionally nurture key virtues which we believe are essential to enable young people to flourish and thrive: kindness; gratitude; positivity; respect; teamwork; pride; humility; courage; and leadership.

Over recent years these virtues have come to define 'The Desborough Way'. We believe that boys benefit from a "firm but fair" approach; a disciplined environment with clear structures, boundaries and ground rules, with the underlying acknowledgement that boys do occasionally get it wrong-they lose things, procrastinate and occasionally struggle to tuck their shirts in!

# DESBOROUGH COLLEGE ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

### *FOR THE YEAR ENDED 31 AUGUST 2020*

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At Desborough boys develop life-long friendships- a “band of brothers”, relishing the enjoyment of going through school together and being themselves in an all-boys environment, encouraged to find the “best version of themselves”.

The Academy aims to be the school of choice for all boys in the local area.

#### Objectives, strategies and activities

The Academy Trust commenced operations on the 1 May 2018 to advance for the public benefit the provision of education in the United Kingdom. In doing so it meets the requirements of the Funding Agreement signed by the Secretary of State for Education.

The main priorities of the School Development Plan for the period ended 31 August 2020 were:

1. To ensure our curriculum is broad and balanced providing learners with the knowledge and skills they need to develop at each phase and to support lifelong learning.
2. To ensure students consistently achieve highly, particularly the most disadvantaged and those with SEND and our most able learners.
3. To embed The Desborough Way amongst children and adults to raise achievement and develop a culture of curiosity and aspiration across the Academy, building students' confidence and motivation and challenging limiting beliefs to improve resilience and self-esteem
4. To use The Desborough Way to ensure a culture of acceptance, celebration and support for one another.
5. Teachers to use all forms of assessment, drawing on a range of evidence, to inform planning to create a curriculum that supports knowledge acquisition and enables an inquisitive, investigative and progressive approach.
6. To ensure that our PSHE and SMSC programmes prepare students positively for life in modern Britain and that fundamental British values of democracy, rule of law, individual liberty and mutual respect for and tolerance of those with different faiths and beliefs and for those without faith are promoted positively.

#### Public benefit

The Trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties. Pupils are admitted in accordance with the admissions policy agreed with the Department for Education (DE). Children are admitted from a wide range of backgrounds. The school has a rich curriculum which aims to deliver good academic progress through a broad range of activities and experiences, offering pupils a chance to demonstrate their full abilities and potential.



# DESBOROUGH COLLEGE ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2020**

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### Strategic report

#### Achievements and performance

In the period to 31 August 2020 these were the following notable developments and achievements;

<b>Provisional Key Stage 4 Performance</b>	<b>Desborough College</b>	<b>Available National Average *for boys</b>
Boys achieving 5 standard passes (4+)	55.94%	<b>Statistics release cancelled.</b>
Boys achieving a strong pass in Mathematics (5+)	64.34%	
Boys achieving a standard pass in Mathematics (4+)	86.01%	
Boys achieving a strong pass in English (5+)	53.15%	
Boys achieving a standard pass in English (4+)	81.12%	
Boys achieving a strong pass in both English and Maths (5+)	79.72%	
Attainment 8	50.24	
EBacc average point score	15.22	
Progress 8	0.15	
<b>Provisional Key Stage 5 Performance</b>		
L3VA Academic	+0.56	
L3VA Vocational	+0.09	
Average progress made in GCSE English Language	-0.56	
Average progress made in GCSE English Literature	-0.63	

#### Key performance indicators

For the period to 31 August 2020 the following Key Performance Indicators are relevant:

- The Academy maintains its Ofsted rating so that it is judged at least 'Good' in all areas.
- Achievement in the Sixth Form is good.
- Most GCSE subject results are above national averages for both attainment and progress for boys.
- The school reaches its PAN of 189.
- The school is fully staffed.
- Attendance exceeds 95%.

# DESBOROUGH COLLEGE ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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#### Review

The Trustees are pleased to report the following outcomes in relation to the KPI's:

- The school ended the year with a planned in-year deficit of £19,000 restricted general and unrestricted funds, representing approved spend on buildings maintenance.
- Attendance for the year was 95%.
- The school is fully staffed.

#### 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 the Board of Trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

#### Financial review

The Academy's Principal source of income is grant funding from the Department for Education (DfE) which is designated on an annual basis and the use of which is restricted. This includes the General Annual Grant (GAG), Pupil Premium and 16-19 Funding. In addition, the Local Authority continues to manage the Special Education Needs and Disability (SEND) Funding.

The Academy also receives grants for fixed assets from the ESFA/DfE. In accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice, 'Accounting Activities by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

In addition, funds are received from various activities carried out to generate funds, such as any running costs of the Academy not met by restricted grants. Any surplus is carried forward as an unrestricted fund in the balance sheet.

Total income for the period was £5,154,000. Total recurring income (excluding transfers in and fixed asset funding) was £4,911,000 (2019: £4,680,000).

Total expenditure for the period was £5,689,000 (2019: £5,504,000) which includes depreciation and the actuarial costs associated with the LGPS pension scheme. Total recurring expenditure (excluding depreciation and actuarial costs) was £5,153,000 (2019: £4,932,000).

As a result of the above there was a deficit on unrestricted and restricted general funds of £19,000 (2019: £70,000 deficit) to transfer to reserves.

Net assets (excluding the pension liability of £1,892,000) as at 31 August 2020 were £15,779,000 of which £15,392,000 related to land and buildings.

#### Reserves policy

1) Maintaining an appropriate level of financial reserves is considered essential in protecting the school from financial risk generated by, for example;

- income reduction due to Government funding changes
- unexpected falls in student numbers
- cash flow issues due to delays in receipt of funding
- emergencies

# DESBOROUGH COLLEGE ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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2) Trustees will monitor levels of reserves in financial reports provided by the School Business Manager and in the annual financial statement prepared by the Auditor. Trustees will look to ensure that a prudent level of reserves is maintained, bearing in mind the recurrent spending needs to ensure high quality provision. In deciding the level of reserves Trustees will take into account the following:

- one month salary bill
- the school's annual budget
- the need for any large project spend such as facilities development or building condition needs
- any uncertainty, turbulence or expected reduction in funding arrangements, including the level of transitional protection within the school funding and its expiry date
- anticipated funding over the next three years.

#### Investment policy

The school's Investment Policy is based upon the Academies Financial Handbook and guidance from The Charity Commission. The policy also complies with our Funding Agreement and Articles of Association.

The policy aims to ensure that:-

- The academy trust's funds are used only in accordance with the law, its articles of association, its funding agreement and the Academies Financial Handbook
- The trust's funds are used in a way that commands broad public support
- Value for money (economy, efficiency and effectiveness) is achieved
- Trustees fulfil their duties and responsibilities as charitable trustees and company directors

#### Principal risks and uncertainties

The Trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The Trustees have assessed the major risks to which the Academy Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy Trust, and its finances. The Trustees have implemented a number of systems to assess risks that the Academy Trust faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and Academy trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimize risk. Other risks remain and are in active management to reduce. For example, as a new stand-alone Academy, the Trust has been conducting reviews of all building's infrastructure so long underinvested in, with particular focus on site health and safety.

Where significant financial risk still remains, they have ensured they have adequate insurance cover. Where significant risk arising from buildings condition exists, a management programme to ameliorate has been devised, which will in turn give rise to applications for capital grant in AY2020/21. The Academy Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The Trustees regularly review the risks faced by the Academy Trust and have completed a "Risk Map" to identify the critical areas of concern. As far as possible the Trustees have put in place management controls to minimise/mitigate risks. The Risk Map is reviewed with the next review date being September 2020.

The Trustees consider the following items are the principal risks facing the Trust:

- Condition of buildings and facilities
- Falling rolls
- Inability to appoint top quality teaching staff
- An Ofsted judgement that is not at least Good

# DESBOROUGH COLLEGE ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2020*

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### **Fundraising**

- All fund raising is used to improve learning outcomes for pupils in line with the School Development Plan.
- We do not accept funding from organisations or businesses that go against our school's core values.
- We do not work with any commercial participators or professional fund raisers.
- Our fund raising is not intrusive and we do not place people or organisations under undue pressure to donate.
- We do not ask parents to donate money towards fund raising projects.
- We do accept donations from individual donors as long as the donations do not come with conditions or expectations we are not happy to uphold.
- Funds raised are kept in the same account as the main school funds and income and expenditure are reported to the Trustees and Principal at the Finance and Resources Committee meetings.
- We have received no complaints in respect of our fund raising activities. In the event of any being received there would be referred to the Trustees' Finance Committee.

### **Plans for future periods**

- Further embed the teaching fundamentals and character virtues of The Desborough Way
- Improve outcomes in IT/Computer Science, Business Studies, English and MFL
- Improve 6th form outcomes
- Further improve outcomes for more able students
- Become oversubscribed
- Continue to recruit and retain staff that can build and sustain an outstanding school
- Improve the recording and provision of CEIAG with a focus on Science, Technology and Maths (STEM)
- Improve the speed and reliability of the ICT infrastructure and network, including the delivery of Wi-Fi across the whole site
- Improve the condition, presentation and functionality of the school site

### **Auditor**

In so far as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 18 January 2021 and signed on its behalf by:

Derek Moss  
**Chair**

# DESBOROUGH COLLEGE ACADEMY TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2020**

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### Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Desborough College Academy Trust and the Secretary of State for Education. The accounting officer is 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 six times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
Saghir Ahmed (Resigned 6 January 2020)	0	1
Margaret Brown (Resigned 1 April 2020)	2	2
Nigel Cook (Resigned 13 July 2020)	5	6
Zarqa Raja-Asqhar	6	6
Andrew Reekes (Resigned 19 September 2019)	0	0
John Sparks	5	6
Derek Wilson	6	6
Paulo Honrado (Resigned 5 November 2020)	3	6
Emma O'Connor	3	6
Ash Sanger (Resigned 23 September 2019)	0	0
Robert Watson (Resigned 1 September 2020)	5	6
Claire Murray	6	6
Harry Crump (Appointed 15 November 2019)	5	6
Alexander Hughes (Appointed 15 November 2019)	5	6
Derek Moss (Chair) (Appointed 28 April 2020)	2	2

### Governance Review

During the academic year, the Board of Trustees has seen a change of Trustees, including the addition of a new Chair of Trustees with experience in a recently rated Outstanding Ofsted School

The Board's performance has been good. It has been hampered by not being able to visit the school with any regularity since the outbreak of the pandemic. During the months prior to that, the school was unable to open due to a burst water main and a flood. The water problems also meant that over the summer term, the school could not open except for a limited number of boys. Remote learning was put into place and the IT infrastructure has been improved. All teachers now have school laptops.

The information which has been received has been in line with that expected particularly during the pandemic.

Due to the pandemic, an external review has not been possible. The incoming chair carried out a skills audit and has instituted a new way of working for the Board.

The Trust will carry out an external review post pandemic. The new way of working commenced in September 2020.

# DESBOROUGH COLLEGE ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2020**

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### Finance, Resources and Audit Committee

The Finance, Audit and Resources Committee is a sub-committee of the main Board of Trustees. Their purpose is to assist the decision making of the Board of Trustees, by enabling more detailed consideration to be given to allow the fulfilment of the Board of Trustees' responsibilities of ensuring sound management of the Academy's finance and resources, including proper planning, monitoring and probity. The committee meets 4 times a year.

Attendance at Finance and Resources meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Saghir Ahmed (Resigned 6 January 2020)	1	1
Nigel Cook (Resigned 13 July 2020)	3	4
Zarqa Raja-Asqhar	4	4
John Sparks	4	4
Derek Wilson	4	4
Paulo Honrado (Resigned 5 November 2020)	2	4
Emma O'Connor	2	4
Ash Sanger (Resigned 23 September 2019)	0	0
Robert Watson (Resigned 1 September 2020)	3	3
Claire Murray	4	4
Harry Crump (Appointed 15 November 2019)	3	3
Alexander Hughes (Appointed 15 November 2019)	3	3
Derek Moss (Chair) (Appointed 28 April 2020)	2	2

### Review of value for money

As Accounting Officer, the Principal has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider 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 available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Analysed benchmarking results to similar sized schools
- Engaged the SRMA service from ESFA for a detailed analysis of recommended costs savings
- Effectuated structural change within the finance department to strengthen procedures
- Conduct ICFP mapping to identify efficiency
- Cost-down exercise on curriculum, site and IT spending
- Applied tight purchasing controls and fiscal management in an ongoing continuous improvement cycle
- Driving efficiencies across the admin and support functions, in an ongoing continuous improvement cycle

### 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 Desborough College Academy Trust for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts.

# DESBOROUGH COLLEGE ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2020*

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### **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 ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts. 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, resources and audit committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- identification and management of risks.

The Board of 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 Azets Audit Services, the external auditor, to perform additional checks. The Internal Assurance service will be conducted by a third party organisation in 2020/21 and beyond.

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

- testing of payroll systems;
- testing of income systems;
- testing of purchasing systems;
- testing of control account/bank reconciliations;
- testing of procurement/tendering procedures;
- ensuring that the academy trust has complied with the requirements of the Academies Financial Handbook.

The schedule of Internal Assurance visits was negatively impacted by the enforced closure of the Academy Trust in 2020 during the Covid-19 pandemic and resultant Lockdowns. Efforts have been made to catch up on the Internal Assurance cycle.

As a result of the revised FRC Ethical Standard Azets Audit Services can no longer act as both internal and external auditor. The board of trustees have therefore agreed to appoint a new supplier to perform the internal audit function.

### **Review of effectiveness**

As Accounting Officer the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Accounting Officer undertakes to address weaknesses as and when found in the internal assurance programme and ensure the continuous improvement of the Academy's financial processes and controls.

# **DESBOROUGH COLLEGE ACADEMY TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2020***

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Approved by order of the Board of Trustees on 18 January 2021 and signed on its behalf by:

Derek Moss  
**Chair**



# DESBOROUGH COLLEGE ACADEMY TRUST

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

*FOR THE YEAR ENDED 31 AUGUST 2020*

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

I confirm that I and the Academy Trust's Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2019.

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

Margaret Callaghan  
**Accounting Officer**

18 January 2021

# DESBOROUGH COLLEGE ACADEMY TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2020**

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The trustees (who are also the directors of Desborough College Academy Trust for the purposes of company law) are responsible for preparing the Trustees' report and the accounts in accordance with the Academies Accounts Direction 2019 to 2020 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, the Trustees are required to:

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

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

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

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

Approved by order of the members of the Board of Trustees on 18 January 2021 and signed on its behalf by:

Derek Moss  
**Chair**

# DESBOROUGH COLLEGE ACADEMY TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DESBOROUGH COLLEGE ACADEMY TRUST

*FOR THE YEAR ENDED 31 AUGUST 2020*

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### Opinion

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

In our opinion the accounts:

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

### 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 accounts' section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts is not appropriate; or
- the Trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

### Other information

The Trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

# DESBOROUGH COLLEGE ACADEMY TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DESBOROUGH COLLEGE ACADEMY TRUST (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2020*

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### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees' report including the incorporated strategic 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 Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report, including the incorporated strategic report.

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

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

### **Responsibilities of Trustees**

As explained more fully in the statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the accounts**

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

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# DESBOROUGH COLLEGE ACADEMY TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DESBOROUGH COLLEGE ACADEMY TRUST (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2020*

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### **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.

**Mr Paul Tyler (Senior Statutory Auditor)  
for and on behalf of Azets Audit Services**

22 January 2021

**Statutory Auditor**

Thorpe House  
93 Headlands  
Kettering  
Northamptonshire  
NN15 6BL

# DESBOROUGH COLLEGE ACADEMY TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DESBOROUGH COLLEGE ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

**FOR THE YEAR ENDED 31 AUGUST 2020**

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In accordance with the terms of our engagement letter dated 22 September 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Desborough College Academy Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Respective responsibilities of Desborough College Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Desborough College Academy Trust's funding agreement with the Secretary of State for Education dated 1 May 2018 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Assessment of the internal audit work undertaken and reliance placed upon this work for the review of internal control procedures
- Further testing of the internal control procedures has been carried out in the following areas:
  - Sample test of delegated authority procedures
  - Enquiry and review of transactions with connected persons
  - Review of governance procedures including inspection of trustee and relevant board minutes
  - Sample test of procurement procedures
- Communication with the Accounting Officer

# DESBOROUGH COLLEGE ACADEMY TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DESBOROUGH COLLEGE ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2020*

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### **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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

### **Reporting Accountant**

Azets Audit Services  
Thorpe House  
93 Headlands  
Kettering  
Northamptonshire  
NN15 6BL

Dated: 22 January 2021

# DESBOROUGH COLLEGE ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted funds £'000s	Restricted funds: General £'000s	Fixed asset £'000s	Total 2020 £'000s	Total 2019 £'000s
<b>Income and endowments from:</b>						
Donations and capital grants	3	16	-	20	36	117
Charitable activities:						
- Funding for educational operations	4	86	4,911	-	4,997	4,738
Other trading activities	5	120	-	-	120	135
Investments	6	1	-	-	1	-
<b>Total</b>		<u>223</u>	<u>4,911</u>	<u>20</u>	<u>5,154</u>	<u>4,990</u>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	8	116	5,233	340	5,689	5,505
<b>Total</b>	7	<u>116</u>	<u>5,233</u>	<u>340</u>	<u>5,689</u>	<u>5,505</u>
<b>Net income/(expenditure)</b>		107	(322)	(320)	(535)	(515)
Transfers between funds	18	(132)	26	106	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial losses on defined benefit pension schemes	20	-	(278)	-	(278)	(300)
<b>Net movement in funds</b>		<u>(25)</u>	<u>(574)</u>	<u>(214)</u>	<u>(813)</u>	<u>(815)</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		267	(1,792)	15,751	14,226	15,041
Total funds carried forward		<u>242</u>	<u>(2,366)</u>	<u>15,537</u>	<u>13,413</u>	<u>14,226</u>



# DESBOROUGH COLLEGE ACADEMY TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2020

		2020		2019	
	Notes	£'000s	£'000s	£'000s	£'000s
<b>Fixed assets</b>					
Tangible assets	13		15,537		15,751
<b>Current assets</b>					
Debtors	14	122		233	
Cash at bank and in hand		431		573	
		<u>553</u>		<u>806</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	15	(290)		(375)	
		<u></u>		<u></u>	
<b>Net current assets</b>			263		431
			<u></u>		<u></u>
<b>Total assets less current liabilities</b>			15,800		16,182
Creditors: amounts falling due after more than one year	16		(21)		(64)
			<u></u>		<u></u>
<b>Net assets before defined benefit pension scheme liability</b>			15,779		16,118
Defined benefit pension scheme liability	20		(2,366)		(1,892)
			<u></u>		<u></u>
<b>Total net assets</b>			13,413		14,226
			<u></u>		<u></u>
<b>Funds of the Academy Trust:</b>					
<b>Restricted funds</b>	18				
- Fixed asset funds			15,537		15,751
- Restricted income funds			-		100
- Pension reserve			(2,366)		(1,892)
			<u></u>		<u></u>
<b>Total restricted funds</b>			13,171		13,959
<b>Unrestricted income funds</b>	18		242		267
			<u></u>		<u></u>
<b>Total funds</b>			13,413		14,226
			<u></u>		<u></u>

The accounts on pages 22 to 43 were approved by the Trustees and authorised for issue on 18 January 2021 and are signed on their behalf by:

Derek Moss  
Chair

Company Number 11281798

# DESBOROUGH COLLEGE ACADEMY TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

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	Notes	2020 £'000s	2019 £'000s	2019 £'000s
<b>Cash flows from operating activities</b>				
Net cash provided by/(used in) operating activities	21		6	(58)
<b>Cash flows from investing activities</b>				
Dividends, interest and rents from investments		1	-	
Capital grants from DfE Group		20	57	
Purchase of tangible fixed assets		(126)	(190)	
<b>Net cash used in investing activities</b>			(105)	(133)
<b>Cash flows from financing activities</b>				
Repayment of long term loan		(43)	(43)	
Introduction of loan		-	149	
<b>Net cash (used in)/provided by financing activities</b>			(43)	106
<b>Net decrease in cash and cash equivalents in the reporting period</b>			(142)	(85)
Cash and cash equivalents at beginning of the year			573	658
<b>Cash and cash equivalents at end of the year</b>			431	573

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# DESBOROUGH COLLEGE ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 AUGUST 2020**

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### 1 Accounting policies

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

#### 1.1 Basis of preparation

The accounts 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Desborough College Academy Trust meets the definition of a public benefit entity under FRS 102 and is a private charitable company, limited by guarantee and registered in England and Wales. The company's registered number and registered office address can be found on pages 1 to 2 of these financial statements.

The presentation currency of the financial statements is the pound sterling (£'000).

#### 1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable 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 accounts 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 accounts.

#### 1.3 Income

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

##### Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the period 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.

# DESBOROUGH COLLEGE ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### 1 Accounting policies

(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 accounts until they are sold. This income is recognised within 'Income from other trading activities'.

#### Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

### 1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

#### 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.

#### Governance costs

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

# DESBOROUGH COLLEGE ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### 1 Accounting policies

(Continued)

#### 1.5 Tangible fixed assets and depreciation

Assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Land and buildings	2% of cost
Computer equipment	20% of cost
Fixtures, fittings & equipment	10% of cost

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

#### 1.6 Liabilities

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

#### 1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

#### 1.8 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. Prepayments are not financial instruments.

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

##### Financial liabilities

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

# DESBOROUGH COLLEGE ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### 1 Accounting policies

(Continued)

#### 1.9 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 chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### 1.10 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 and the assets are held separately from those of the Academy Trust.

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 projected unit method. The 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 are recognised in the period to which they relate.

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

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

#### 1.11 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 Education and Skills Funding Agency/ Department for Education.

Restricted pension reserve funds represent the Academy Trust's share of the assets and liabilities of the Local Government Pension Scheme.

# DESBOROUGH COLLEGE ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### 2 Critical accounting estimates and areas of judgement

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

#### Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

### 3 Donations and capital grants

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2020 £'000s	Total 2019 £'000s
Capital grants	-	20	20	57
Other donations	16	-	16	60
	<u>16</u>	<u>20</u>	<u>36</u>	<u>117</u>

The income from donations and capital grants was £36,000 (2019: £117,000) of which £16,000 was unrestricted (2019: £60,000) and £20,000 was restricted fixed assets (2019: £57,000).

# DESBOROUGH COLLEGE ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 4 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2020 £'000s	Total 2019 £'000s
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	4,430	4,430	4,406
Other DfE group grants	-	143	143	145
	<u>-</u>	<u>4,573</u>	<u>4,573</u>	<u>4,551</u>
<b>Other government grants</b>				
Local authority grants	-	79	79	80
Other Government Grants	-	259	259	49
	<u>-</u>	<u>338</u>	<u>338</u>	<u>129</u>
<b>Other funding</b>				
Other incoming resources	86	-	86	58
	<u>86</u>	<u>-</u>	<u>86</u>	<u>58</u>
<b>Total funding</b>	<u>86</u>	<u>4,911</u>	<u>4,997</u>	<u>4,738</u>

The income from funding for educational operations was £4,997,000 (2019: £4,738,000) of which £86,000 was unrestricted (2019: £58,000) and £4,911,000 was restricted (2019: £4,680,000).

### 5 Other trading activities

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2020 £'000s	Total 2019 £'000s
Hire of facilities	1	-	1	22
Other income	119	-	119	113
	<u>120</u>	<u>-</u>	<u>120</u>	<u>135</u>

The income from other trading activities was £120,000 (2019: £135,000) of which £120,000 was unrestricted (2019: £135,000).

### 6 Investment income

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2020 £'000s	Total 2019 £'000s
Short term deposits	1	-	1	-
	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

The income from funding for investment income was £1,000 (2019: £-) of which £1,000 was unrestricted (2019: £-).



# DESBOROUGH COLLEGE ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 7 Expenditure

	Staff costs £'000s	Non-pay expenditure Premises £'000s	Other £'000s	Total 2020 £'000s	Total 2019 £'000s
Academy's educational operations					
- Direct costs	3,731	340	217	4,288	3,961
- Allocated support costs	733	357	311	1,401	1,544
	<u>4,464</u>	<u>697</u>	<u>528</u>	<u>5,689</u>	<u>5,505</u>

#### Net income/(expenditure) for the year includes:

	2020 £'000s	2019 £'000s
Fees payable to auditor for:		
- Audit	10	8
- Other services	2	2
Depreciation of tangible fixed assets	340	330
Net interest on defined benefit pension liability	34	36
	<u>386</u>	<u>376</u>

### 8 Charitable activities

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2020 £'000s	Total 2019 £'000s
<b>Direct costs</b>				
Educational operations	-	4,288	4,288	3,961
<b>Support costs</b>				
Educational operations	116	1,285	1,401	1,544
	<u>116</u>	<u>5,573</u>	<u>5,689</u>	<u>5,505</u>

The expenditure on charitable activities was £5,689,000 (2019: £5,505,000) of which £116,000 was unrestricted (2019: £109,000), £5,233,000 was restricted (2019: £5,066,000) and £340,000 was restricted fixed assets (2019: £330,000).

	2020 £'000s	2019 £'000s
<b>Analysis of support costs</b>		
Support staff costs	733	711
Premises costs	357	466
Legal costs	19	8
Other support costs	280	349
Governance costs	12	10
	<u>1,401</u>	<u>1,544</u>

# DESBOROUGH COLLEGE ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 9 Governance costs

All from restricted funds:	Total 2020 £'000s	Total 2019 £'000s
<b>Amounts included in support costs</b>		
Legal costs	19	8
Auditor's remuneration		
- Audit of financial statements	10	8
- Other audit costs	2	2
	<u>31</u>	<u>18</u>

### 10 Staff

#### Staff costs

Staff costs during the year were:

	2020 £'000s	2019 £'000s
Wages and salaries	3,251	3,061
Social security costs	322	276
Pension costs	825	595
	<u>4,398</u>	<u>3,932</u>
Staff costs - employees	4,398	3,932
Agency staff costs	66	173
	<u>4,464</u>	<u>4,105</u>

#### Staff numbers

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

	2020 Number	2019 Number
Teachers	56	51
Administration and support	49	52
Management	6	7
	<u>111</u>	<u>110</u>

# DESBOROUGH COLLEGE ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 10 Staff

(Continued)

#### Higher paid staff

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

	2020 Number	2019 Number
£60,000 - £70,000	1	3
£70,001 - £80,000	3	1
£100,001 - £110,000	1	-
£110,001 - £120,000	-	1
	<u>          </u>	<u>          </u>

#### 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 employers national insurance contributions) received by key management personnel for their services to the Academy Trust was £580,000 (2019: £532,000).

### 11 Trustees' remuneration and expenses

One or more of the Trustees has been paid remuneration or has received other benefits from an 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, and not in respect of their services as Trustees.

The value of Trustees' remuneration and other benefits was as follows:

Mr J Sparks (former Vice Principal and Trustee)

- Remuneration £ N/A (2019 £15,000 - £20,000)
- Employers' pension contributions £ N/A (2019 £0- £5,000)

During the year ended 31 August 2020 travel expenses totalling £Nil were reimbursed or paid directly to no Trustees (2019: £Nil to no Trustees).

Other related party transactions involving the Trustees are set out in note 25.

### 12 Insurance for Trustees and officers

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 protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

# DESBOROUGH COLLEGE ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 13 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£'000s	£'000s	£'000s	£'000s
<b>Cost</b>				
At 1 September 2019	16,086	44	58	16,188
Additions	55	66	5	126
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 August 2020	16,141	110	63	16,314
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation</b>				
At 1 September 2019	426	8	3	437
Charge for the year	323	11	6	340
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 August 2020	749	19	9	777
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value</b>				
At 31 August 2020	15,392	91	54	15,537
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 August 2019	15,660	36	55	15,751
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The net book value of land and buildings comprises:

	2020 £'000s	2019 £'000s
Long leaseholds (over 50 years)	15,392	15,660
	<u>          </u>	<u>          </u>

### 14 Debtors

	2020 £'000s	2019 £'000s
Trade debtors	7	50
VAT recoverable	28	32
Prepayments and accrued income	87	151
	<u>          </u>	<u>          </u>
	122	233
	<u>          </u>	<u>          </u>

# DESBOROUGH COLLEGE ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 15 Creditors: amounts falling due within one year

	2020 £'000s	2019 £'000s
Government loans	42	42
Trade creditors	157	170
Other taxation and social security	82	84
Accruals and deferred income	9	79
	<u>290</u>	<u>375</u>

### 16 Creditors: amounts falling due after more than one year

	2020 £'000s	2019 £'000s
Government loans	21	64
	<u>21</u>	<u>64</u>
<b>Analysis of loans</b>	<b>2020 £'000s</b>	<b>2019 £'000s</b>
Wholly repayable within five years	63	106
Less: included in current liabilities	(42)	(42)
	<u>21</u>	<u>64</u>
Amounts included above	<u>21</u>	<u>64</u>
<b>Loan maturity</b>		
Debt due in one year or less	42	42
Due in more than one year but not more than two years	21	42
Due in more than two years but not more than five years	-	22
	<u>63</u>	<u>106</u>

Loan funding is from Salix Loan Financing Ltd under the "Schools energy efficiency loans programme", as approved by ESFA. This loan is interest free and repayable over 8 years.

### 17 Deferred income

	2020 £'000s	2019 £'000s
Deferred income is included within:		
Creditors due within one year	-	43
	<u>-</u>	<u>43</u>

# DESBOROUGH COLLEGE ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 17 Deferred income (Continued)

Deferred income at 1 September 2019	43	-
Released from previous years	(43)	-
Resources deferred in the year	-	43
	<u>          </u>	<u>          </u>
<b>Deferred income at 31 August 2020</b>	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>

At the balance sheet date the Academy Trust was holding funds received in advance of the next academic year for subject funding and educational visits.

### 18 Funds

	Balance at 1 September 2019 £'000s	Income £'000s	Expenditure £'000s	Gains, losses and transfers £'000s	Balance at 31 August 2020 £'000s
<b>Restricted general funds</b>					
General Annual Grant (GAG)	100	4,430	(4,556)	26	-
Other DfE / ESFA grants	-	143	(143)	-	-
Other government grants	-	338	(338)	-	-
Pension reserve	(1,892)	-	(196)	(278)	(2,366)
	<u>(1,792)</u>	<u>4,911</u>	<u>(5,233)</u>	<u>(252)</u>	<u>(2,366)</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Restricted fixed asset funds</b>					
Inherited on conversion	15,543	-	(335)	-	15,208
DfE group capital grants	208	20	(5)	106	329
	<u>15,751</u>	<u>20</u>	<u>(340)</u>	<u>106</u>	<u>15,537</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total restricted funds</b>	<u>13,959</u>	<u>4,931</u>	<u>(5,573)</u>	<u>(146)</u>	<u>13,171</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Unrestricted funds</b>					
General funds	267	223	(116)	(132)	242
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total funds</b>	<u>14,226</u>	<u>5,154</u>	<u>(5,689)</u>	<u>(278)</u>	<u>13,413</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# DESBOROUGH COLLEGE ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 18 Funds

(Continued)

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

Restricted General Funds represent unspent General Annual Grant (GAG), which must be used for the normal recurring costs of the Academy together with other restricted general funds.

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

Restricted Fixed Asset Funds represent resources which have been applied to specific capital purposes imposed by the funder together with cash resources still to be expended.

Restricted Pension Reserve Funds represent the Academy Trust's share of the assets and liabilities of the Local Government Pension Scheme.

During the year, a transfer of £106,000 (2019: £5,000) was made from restricted general funds to restricted fixed asset funds for fixed assets purchased using unrestricted funds.

During the year, a transfer of £26,000 (2019: £Nil) was made from unrestricted funds to restricted general funds.

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

	Balance at 1 September 2018 £'000s	Income £'000s	Expenditure £'000s	Gains, losses and transfers £'000s	Balance at 31 August 2019 £'000s
<b>Restricted general funds</b>					
General Annual Grant (GAG)	319	4,406	(4,620)	(5)	100
Other DfE / ESFA grants	-	145	(145)	-	-
Other government grants	-	129	(129)	-	-
Pension reserve	(1,420)	-	(172)	(300)	(1,892)
	<u>(1,101)</u>	<u>4,680</u>	<u>(5,066)</u>	<u>(305)</u>	<u>(1,792)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	15,869	-	(326)	-	15,543
DfE group capital grants	150	57	(4)	5	208
	<u>16,019</u>	<u>57</u>	<u>(330)</u>	<u>5</u>	<u>15,751</u>
<b>Total restricted funds</b>	<u>14,918</u>	<u>4,737</u>	<u>(5,396)</u>	<u>(300)</u>	<u>13,959</u>
<b>Unrestricted funds</b>					
General funds	<u>123</u>	<u>253</u>	<u>(109)</u>	<u>-</u>	<u>267</u>
<b>Total funds</b>	<u>15,041</u>	<u>4,990</u>	<u>(5,505)</u>	<u>(300)</u>	<u>14,226</u>

# DESBOROUGH COLLEGE ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 19 Analysis of net assets between funds

	Unrestricted Funds £'000s	Restricted funds: General £'000s	Fixed asset £'000s	Total Funds £'000s
<b>Fund balances at 31 August 2020 are represented by:</b>				
Tangible fixed assets	-	-	15,537	15,537
Current assets	242	311	-	553
Creditors falling due within one year	-	(290)	-	(290)
Creditors falling due after one year	-	(21)	-	(21)
Defined benefit pension liability	-	(2,366)	-	(2,366)
<b>Total net assets</b>	<b>242</b>	<b>(2,366)</b>	<b>15,537</b>	<b>13,413</b>

	Unrestricted Funds £'000s	Restricted funds: General £'000s	Fixed asset £'000s	Total Funds £'000s
<b>Fund balances at 31 August 2019 are represented by:</b>				
Tangible fixed assets	-	-	15,751	15,751
Current assets	267	539	-	806
Creditors falling due within one year	-	(375)	-	(375)
Creditors falling due after one year	-	(64)	-	(64)
Defined benefit pension liability	-	(1,892)	-	(1,892)
<b>Total net assets</b>	<b>267</b>	<b>(1,792)</b>	<b>15,751</b>	<b>14,226</b>

### 20 Pension and similar obligations

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

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

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

#### Teachers' Pension Scheme

##### Introduction

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

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



# DESBOROUGH COLLEGE ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 20 Pension and similar obligations

(Continued)

#### Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £523,239 (2019:£310,221).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Academy 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 scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 19.6% for employers and 5.5% to 6.5% for employees.

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

Total contributions made	2020 £'000s	2019 £'000s
Employer's contributions	130	106
Employees' contributions	43	36
Total contributions	<u>173</u>	<u>142</u>

# DESBOROUGH COLLEGE ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 20 Pension and similar obligations (Continued)

Principal actuarial assumptions	2020 %	2019 %
Rate of increase in salaries	3.3	3.7
Rate of increase for pensions in payment/inflation	2.3	2.2
Discount rate for scheme liabilities	1.6	1.85
Inflation assumption (CPI)	2.3	2.2
Commutation of pensions to lump sums	50	50

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

	2020 Years	2019 Years
Retiring today		
- Males	21.5	22.1
- Females	24.1	24.0
Retiring in 20 years		
- Males	22.9	23.7
- Females	25.5	25.8

Scheme liabilities would have been affected by changes in assumptions as follows:

	2020 £'000	2019 £'000
Discount rate + 0.1%	330	246
Discount rate - 0.1%	(350)	(252)
Mortality assumption + 1 year	353	255
Mortality assumption - 1 year	(328)	(238)
CPI rate + 0.1%	340	252
CPI rate - 0.1%	(340)	(240)

#### The Academy Trust's share of the assets in the scheme

	2020 Fair value £'000s	2019 Fair value £'000s
Equities	835	705
Other bonds	187	184
Cash	136	99
Property	203	160
Other assets	69	118
Total market value of assets	1,430	1,266

The actual return on scheme assets was £17,000 (2019: £72,000).

# DESBOROUGH COLLEGE ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 20 Pension and similar obligations

(Continued)

#### Amount recognised in the Statement of Financial Activities

	2020 £'000s	2019 £'000s
Current service cost	292	211
Past service cost	-	31
Interest income	(25)	(30)
Interest cost	59	66
	<u>          </u>	<u>          </u>
Total operating charge	326	278
	<u>          </u>	<u>          </u>

#### Changes in the present value of defined benefit obligations

	2020 £'000s	2019 £'000s
At 1 September 2019	3,158	2,485
Current service cost	292	211
Interest cost	59	66
Employee contributions	43	36
Actuarial loss	269	341
Benefits paid	(25)	(12)
Past service cost	-	31
	<u>          </u>	<u>          </u>
At 31 August 2020	3,796	3,158
	<u>          </u>	<u>          </u>

#### Changes in the fair value of the Academy Trust's share of scheme assets

	2020 £'000s	2019 £'000s
At 1 September 2019	1,266	1,065
Interest income	25	30
Actuarial loss/(gain)	(8)	42
Employer contributions	130	106
Employee contributions	43	36
Benefits paid	(26)	(13)
	<u>          </u>	<u>          </u>
At 31 August 2020	1,430	1,266
	<u>          </u>	<u>          </u>

# DESBOROUGH COLLEGE ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 21 Reconciliation of net expenditure to net cash flow from operating activities

	2020 £'000s	2019 £'000s
Net expenditure for the reporting period (as per the statement of financial activities)	(535)	(515)
Adjusted for:		
Capital grants from DfE and other capital income	(20)	(57)
Investment income receivable	(1)	-
Defined benefit pension costs less contributions payable	162	136
Defined benefit pension scheme finance cost	34	36
Depreciation of tangible fixed assets	340	330
Decrease/(increase) in debtors	111	(141)
(Decrease)/increase in creditors	(85)	153
<b>Net cash provided by/(used in) operating activities</b>	<u>6</u>	<u>(58)</u>

### 22 Analysis of changes in net funds

	1 September 2019 £'000s	Cash flows £'000s	31 August 2020 £'000s
Cash	573	(142)	431
Loans falling due within one year	(42)	-	(42)
Loans falling due after more than one year	(64)	43	(21)
	<u>467</u>	<u>(99)</u>	<u>368</u>

### 23 Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means, of any asset for which a Government capital grant was received, the Academy Trust is required, either to re-invest the proceeds, or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy Trust serving notice, the Academy Trust shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Academy site and premises and other assets held for the purpose of the Academy Trust; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

# DESBOROUGH COLLEGE ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### 24 Commitments under operating leases

At 31 August 2020 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2020 £'000s	2019 £'000s
Amounts due within one year	4	6
Amounts due in two and five years	-	4
	<u>4</u>	<u>10</u>
	<u>4</u>	<u>10</u>

### 25 Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

No other related party transactions took place in the period of account other than certain Trustees' remuneration and expenses already disclosed in note 11.

### 26 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.