

The  
**Sir John Brunner**  
Foundation

(A Company Limited by Guarantee)

**Annual Report and Financial Statements**

**For the year ended 31 August 2019**

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## Reference and Administrative Details

<b>Members</b>	Mrs L Allen Mr D Shingler Dr J Staley
<b>Trustees</b>	Mr A Redley (Chair) Mr P Allen Mrs E Bromley (appointed 10 October 2018) Miss K Kirkwood Mr K Neary (appointed 9 October 2019) Mr S Pegg (resigned 25 June 2019) Mr C Penter (appointed 9 October 2019) Ms C Stewart (appointed 19 March 2019, resigned 10 July 2019) Ms C Stewart (re-appointed 9 October 2019)
<b>Clerk to the Trustees</b>	Mrs S Armstrong
<b>Senior Leadership Team</b>	Miss K Kirkwood (Chief Executive Officer and Principal of Sir John Deane's Sixth Form College) Mr A Sumner (Chief Finance Officer and Deputy Principal of Sir John Deane's Sixth Form College) Mr A Boden (Deputy Principal of Sir John Deane's Sixth Form College)
<b>Company name</b>	The Sir John Brunner Foundation
<b>Principal and Registered Office</b>	Monarch Drive Northwich Cheshire CW9 8AF
<b>Company Registration Number</b>	11227336 (England and Wales)
<b>Independent Auditor</b>	Murray Smith LLP Darland House 44 Winnington Hill Northwich Cheshire CW8 1AU
<b>Bankers</b>	NatWest Bank The Bull Ring Northwich Cheshire CW9 5BN
<b>Solicitors</b>	Eversheds Sutherland 70 Great Bridgewater Street Manchester M1 5ES

## **Trustees' Report**

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

During the year the Foundation operated a 16-19 academy, Sir John Deane's Sixth Form College, in Northwich, Cheshire. The Sixth Form College joined the Foundation on 1 April 2018 and in the academic year 2018/19 it had 1,690 students qualifying for funding at the 6 week funding census point in October 2018.

## **Structure, Governance and Management**

### **Constitution**

The Foundation 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 Foundation. The trustees of The Sir John Brunner Foundation are also the directors of the charitable company for the purposes of company law. The charitable company operates as The Sir John Brunner Foundation and Sir John Deane's Sixth Form College.

Details of the trustees who served during the period 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**

In accordance with normal commercial practice the Foundation has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Foundation business. The insurance provides cover up to £5,000,000 on any one claim. The cost of this insurance is not separately identifiable as it forms part of a combined commercial insurance policy the cost of which is included in the total insurance cost.

### **Method of Recruitment and Appointment or Election of Trustees**

The Foundation's Articles of Association state that there should be a minimum of three trustees with no maximum. Up to eight of these trustees may be appointed by the Foundation's Members.

The Articles also state that provided the Chief Executive agrees to act then the Members may also by ordinary resolution appoint the Chief Executive as a trustee. This has been done.

The Foundation has not appointed parent trustees to the Board of Trustees. Instead parents are elected to serve on the local governing body of Sir John Deane's Sixth Form College. As additional schools join the Foundation it is intended that the same approach will be adopted.

The Board of Trustees has not established a separate Search Committee at present. Potential new Trustees are considered by the Board of Trustees as a whole with a recommendation for appointment made to the Members who consider the recommendation and resolve to appoint if they are in agreement. Up to eight Trustees may be appointed in this way. In accordance with the Foundation's Articles, the Trustees may also appoint Co-opted Trustees who do not require the approval of Members, but must be appointed by Trustees who are not themselves Co-opted Trustees.

### **Policies and Procedures Adopted for the Induction and Training of Trustees**

The Board of Trustees has approved the contents of an initial induction pack to be made available to all new trustees. This includes information about the Articles of Association, the duties and responsibilities of Company Directors and Charity Trustees, the funding agreements in place with the Department for Education and the Scheme of Delegation. Trustees are also provided with a guide prepared by the Sixth Form Colleges Association that gives a practical overview of the requirements and responsibilities of trustees. Trustees also have access to resources available on the National Governance Association website.

New trustees have a series of induction meetings with the Clerk to the Foundation, the Chair, the Chief Executive Officer and the Chief Finance Officer.

Ongoing training is provided either by accessing appropriate external courses and workshops or through internally delivered training on specific aspects of the Foundation's operations (e.g. the safeguarding policy and procedures).

### **Organisational Structure**

The Board of Trustees has approved a scheme of delegation that sets out the decisions that must be reserved for the Board of Trustees and those that can be delegated to the Chief Executive Officer, the Audit Committee of the Foundation or the Governing Body of Sir John Deane's Sixth Form College.

Key decisions that must be made by the Board of Trustees include:

- the approval of the annual budget and financial forecast for the Foundation
- agreeing the scheme of delegation
- approving the annual report and accounts of the Foundation
- determining and approving Foundation wide policies
- appointing the Chief Executive Officer, the Chief Finance Officer and Clerk to the Foundation
- appointing the Head Teacher of schools within the Foundation.

The Chief Executive Officer is also the Foundation's Accounting Officer and is responsible to Parliament for the use made of public funds provided for the education of students of the Foundation.

### Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the Foundation to publish information on facility time arrangements for trade union officials at the Foundation. The figures below relate to the period from 1 April 2018 to 31 March 2019 for Sir John Deane's Sixth Form College.

#### Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
3	2.56

#### Percentage of time on facilities time

Percentage of time	Number of employees
0%	0
1-50%	3
51-99%	0
100%	0

#### Percentage of pay bill spent of facilities time

Metric	Figures
Total cost of facilities time (hourly cost x time on facilities time)	£1,263.46
Total pay bill	£5,168,487.91
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.02%

#### Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	100%
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## **Objectives and Activities**

### **Objectives, Strategies and Activities**

#### **Public Benefit**

In setting and reviewing the Foundation's strategic objectives, the trustees have had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its strategic objectives, the Foundation provides the following identifiable public benefits through the advancement of education:

- High quality teaching
- Outstanding student achievement
- Excellent progression to Higher Education or employment with training
- Extensive opportunities for lifelong learning for the local community

Sir John Deane's Sixth Form College also provides opportunities for individuals, sports clubs and local primary schools to make use of its leisure facilities.

## **Strategic Report**

### **Achievements and Performance**

Throughout the 2018/19 financial year Sir John Deane's Sixth Form College was the sole academy within the Foundation so the achievements and performance highlighted here all relate to the College.

In the 2018/19 academic year Sir John Deane's Sixth Form College received funding for 1,692 students aged 16-19 compared with 1,636 for 2017/18. At the six week census point the College had 1,691 students on roll. These students generated notional annual funding of £6,765,085 compared with a funding allocation for the academic year of £6,756,535.

The Foundation had anticipated that there would have been further growth in student numbers in 2018/19 and had set a target of 1,735 students at the six week funding census point. Although that target was not achieved it has proven to be a temporary blip with enrolments for 2019/20 exceeding 1,760.

Prior to the start of the year a decision was taken to reduce the number of weekday evenings on which Adult Education courses are offered from three to two. This decision was taken in order to accommodate an increasing demand for events to support the core 16-19 provision, such as new parent welcome meetings, parent consultation evenings, new applicant interviews and Higher

Education information evenings. However, additional classes were added to the remaining two evenings so that total enrolments still exceeded 2,500 for the year.

Student achievements in the 2019 summer examinations were once again outstanding. The A level pass rate increased by 0.1% to 99.7% with the percentage of examination entries achieving a high grade (A\*, A or B) also improving from 68.4% in 2018 to an impressive 72.7% in 2019. The percentage of entries achieving the very highest grades (A\* or A) increased from an already high 36.6% in 2018 to 41.3% in 2019.

From a total of 2,089 A level entries there were just 7 grade Us. This is a remarkable achievement and is testament to the skill and dedication of teachers and those in a supporting role who worked tirelessly to ensure that success was enjoyed by the vast majority of our students.

A level value added again improved but remains within the ALPS grade 2 band which means that Sir John Deane's is in the top 10 % of all schools and colleges in the country.

BTEC results were equally impressive with 98.4% of all entries achieving either a distinction or distinction\*.

During the 2018/19 academic year the College's Leisure Centre provided swimming lessons to 29 local primary schools. The Leisure Centre also provides swimming lessons to individual children in the evenings and at weekends which attracted on average almost 1,000 enrolments each term. Over 50 local sports teams or clubs used the College's facilities during the year for football, hockey, basketball netball and swimming.

### Key Performance Indicators

During the year the Board of Trustees adopted the Key Performance Indicators set by the Corporation of Sir John Deane's Sixth Form College.

The Corporation set itself a number of Key Performance Indicators that are monitored on a regular basis and actual performance against these KPIs for 2018/19 is set out in the table below:

Indicator	Target	Actual Performance	Assessment
A Level pass rate	99%	99.7%	Target exceeded
A Level high grades	67%	72.7%	Target exceeded
A Level high high grades	35%	41.3%	Target exceeded
Year 13 funded retention rate	99%	98.8%	Target narrowly missed
Year 12 funded retention rate	96%	96.1%	Target exceeded
Attendance	95%	94%	Target narrowly missed
A Level value added	Grade 2	Grade 2	Target achieved



Indicator	Target	Actual Performance	Assessment
Year 12 to year 13 progression	98%	98.3%	Target exceeded
Funded Student numbers at October 2018	1,735	1,691	Target not achieved
Positive operating cash flow	>0	£420,427	Target exceeded
Current ratio	>2 : 1	5.7 : 1	Target exceeded
Cash at bank	> £1.3 million	£2,302,355	Target exceeded
Cash days (including cash investment)	> 60 days	138	Target exceeded

The College sets ambitious and challenging targets to underpin its drive for continuous improvement so that narrowly failing to achieve an individual target still represents an excellent performance when compared with national averages for the sector as a whole.

### Going Concern

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

### Financial Review

In the year ended 31 August 2019 the Foundation had net expenditure of £351,134 before accounting for actuarial losses of £791,000 on the Local Government Pension Scheme. The net expenditure figure includes non-cash pension adjustments totalling £265,000.

Total reserves excluding pension reserves stand at £25,078,029 at 31 August 2019. When the pension reserve of £1,437,000 is taken into account the total reduces to £23,641,029.

The Foundation receives the majority of its income from the Education and Skills Funding Agency (ESFA) in the form of recurrent grant for the provision of education to 16-19 year old students at Sir John Deane's Sixth Form College. Other material sources of income include:

- ESFA funding and tuition fees received from students for the provision of Adult Education courses.
- Income from Leisure Centre operations at Sir John Deane's Sixth Form College which include the hiring out of facilities and the provision of swimming lessons to individuals and to local primary schools
- Income from parents contributing to the cost of transport to Sir John Deane's Sixth Form College. The College arranges transport from surrounding areas for which parents pay a monthly contribution.

During the year the Foundation generated a positive operating cash flow of £420,428. Cash at bank at 31 August 2019 totalled £2,302,355 with a further £819,179 invested in a deposit account with Close Brothers. This account requires six months' notice for withdrawals and is therefore classed as a short term investment.

The Foundation expended £228,517 on tangible fixed assets, of which £221,701 related to the purchase of IT infrastructure including replacement servers and switches.

At the year end the Foundation had a strong balance sheet with net current assets of £2,897,136 (increased from £2,553,661 at 31 August 2018) and a current ratio of 5.7.

### **Reserves Policy**

The Foundation has a Cash Reserves Policy that is approved by the Board of Trustees and is reviewed every two years to ensure that it remains appropriate. The Board of Trustees has determined that it is appropriate to maintain cash reserves of up to £3 million to act as working capital and to provide a financial cushion against temporary financial difficulties such as might arise from a failure to recruit sufficient students to achieve the funded student numbers target or an unexpected large repair bill. This also allows the Trustees to take advantage of opportunities that may arise that could not otherwise be funded from the current year's income.

Balances above £3million would be considered appropriate where the Foundation has a specific objective in mind that requires the building up of reserves over a period of time in order to finance it, such as the redevelopment of buildings or the provision of new facilities.

At 31 August 2019 the Foundation held a total of £3,121,534 in cash that is immediately accessible or held on six months' notice. This is above the limit approved by the Trustees who will undertake a review of the existing policy following an updated appraisal of the Foundation's estate and the likely cost of potential future repairs and renewals or developments.

Of the total reserves, including pension reserves, at 31 August 2019 of £23,641,029 restricted fixed assets funds total £21,802,242 whilst unrestricted funds total £1,999,055. The Foundation's restricted reserves are in deficit by £160,268. This is not a concern. The deficit arises because of a significant increase in the Local Government Pension Fund liability at 31 August 2019. This liability is of a long term nature and would only become immediately payable if the Foundation was to exit from the pension fund. Changes in financial assumptions made by the Actuary, in particular about the discount rate used to calculate the present value of future liabilities, account for the adverse movement in the current financial year.

### **Investment Policy**

The Foundation adopts a risk averse approach to investment that is set out in the Financial Regulations approved by the Board of Trustees. During the year funds not immediately required for the day to day

operation of the Foundation were placed in an interest bearing Business Reserve account with the NatWest Bank. An automatic sweep moves money between the current account and the Business Reserve account on a daily basis to leave a balance of £10,000 in the current account.

Funds that are unlikely to be required in the short term are currently invested with Close Brothers in a deposit account that pays a higher rate of interest in return for requiring six months' notice for any withdrawal.

The Foundation does not invest in equities or other financial instruments where there is a greater risk to the original capital sum invested.

### **Principal Risks and Uncertainties**

The Board of Trustees has approved a risk management policy that is regularly reviewed and sets out the processes by which trustees will receive information about the principal risks and uncertainties that the Foundation faces and the control measures that have been put in place to mitigate the likelihood of risks materialising or to minimise the impact on the Foundation if they were to occur.

The principal risks currently identified include the following:

- Concern about the ongoing level of funding. Over recent years funding for pupils and post 16 students has been eroded in real terms as the education sector has faced significant inflationary cost pressures. Recent government announcements have set out plans for increases over a three year period for schools with a one year increase for post 16 funding. Further increases in post 16 funding are subject to future Government Spending Reviews and so are less certain. Whilst the additional funding is welcome there is uncertainty about the impact of separate announcements about significant increases in the starting salaries for new teachers and how these might impact on the pay scales for more experienced teachers. There is a risk that any additional funding is swallowed up by the pay awards with the result that budgets remain very tight.
- Concern about the potential adverse impact on the Foundation of growing in size too quickly. As a recently formed multi-academy trust the Foundation is acutely aware that it needs to establish robust systems of governance and financial and quality controls that will ensure that the future growth and development of the Foundation can be effectively managed and that resources do not become over stretched.

### **Fundraising**

The majority of the Foundation's charitable income is received from the Education Skills Funding Agency under the terms of a master funding agreement between the Secretary of State for Education and the Trustees of The Sir John Brunner Foundation. A supplemental agreement is in place relating to the funding for Sir John Deane's Sixth Form College and moving forward also for The County high School, Leftwich.

The Foundation also raises funds through the hiring out of its sports facilities and the provision of swimming lessons and a children's holiday activity club. The income and expenditure associated with these activities is carefully monitored via the monthly management accounts which contain a separate income and expenditure account for these Leisure Centre activities. The management accounts are circulated to Trustees each month and formally considered at each meeting of the Board of Trustees.

### **Plans for Future Periods**

The Trustees were pleased to welcome The County High School Leftwich into the Foundation on 1 September 2019. The County High School Leftwich is an Ofsted Outstanding 11-16 high school that converted to a single academy trust in 2012. The formal transfer of the school into the Foundation builds upon the already strong and long standing working relationship that existed between Sir John Deane's Sixth Form College and The County High School Leftwich.

Discussions are ongoing with two further local 11-16 high schools whose boards of governors have confirmed their intention to seek to join the Foundation. Neither school has yet reached the stage of submitting a formal application to the Regional Schools Commissioner and the Trustees anticipate that subject to the necessary approvals and due diligence these schools are likely to join the Foundation over the next 18 months.

The Trustees plan to maintain their focus on delivering excellent outcomes for students by setting challenging Key Performance Indicators for the Executive Leadership Team of the Foundation and the Senior Leadership Teams of the individual academies.

A key focus for the coming year is also to ensure that appropriate systems are in place and fully embedded to ensure that the Foundation is ready and has the capacity to admit the two further schools whilst maintaining the excellent outcomes for the Foundation's existing pupils and students.

### **Auditor**

Insofar as trustees are aware:

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

**Approved by order of the Board of Trustees, as the company directors, on 18 December 2019 and signed on the Board's behalf by:**



**Alan Redley**  
**Chair**

## Governance Statement

### Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that The Sir John Brunner Foundation 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 Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and are in accordance with the requirements and responsibilities assigned to the Foundation in the funding agreement between The Sir John Brunner Foundation and the Secretary of State for Education. The Chief Executive 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:

Trustee	Meetings Attended	Out of a possible
Paul Allen	5	6
Liz Bromley	5	6
Kerry Kirkwood (Chief Executive & Accounting Officer))	5	6
Steve Pegg (resigned 25 June 2019)	2	4
Alan Redley (Chair)	6	6
Catriona Stewart (appointed 19 March 2019, resigned 10 July 2019)	2	2

Since the year end two further Trustees have been appointed, Kevin Neary and Chris Penter. In addition Catriona Stewart was re-appointed on 9 October 2019.

The Foundation is seeking to appoint further Trustees to strengthen the Board and is working with Academy Ambassadors to identify potentially suitable candidates with the necessary skills.

In October 2018 the Education and Skills Funding Agency's Provider Risk and Assurance Department conducted an on-site audit to validate the Board's Financial Management and Governance Self-Assessment return. The resulting written report, dated 6 December 2018, agreed with 32 out of 36 of the Foundation's responses and conditionally agreed with one response (subsequently noting that the Foundation was compliant). It disagreed with 3 responses where the ESFA auditors considered that Foundation's responses had been overly self-critical in indicating that The Foundation was not compliant when the auditors considered that it was compliant.

The report also included three best practice recommendations which have been implemented.

The Foundation was pleased to receive this independent assurance that compliant governance processes had been established.

In May 2019 internal auditors also conducted a review of governance arrangements. The report made five recommendations for further improvements four of which were classed as low priority and one as a medium priority. The recommendations were accepted and a timetable for implementation agreed.

### **Audit Committee**

The Board of Trustees has established an Audit Committee which met three times during the year. Attendance during the year at meetings of the Audit Committee was as follows:

<b>Trustee</b>	<b>Meetings Attended</b>	<b>Out of a possible</b>
Paul Allen (Chair)	2	3
Liz Bromley	3	3
Nathan Broad (Co-opted member)	3	3
Steve Pegg	1	1
Catriona Stewart	1	1

The Audit Committee agrees an annual programme of internal audit review based on discussions with the independent auditors, RSM, and consideration of the Foundation's risk register. The Committee considers the reports arising from the individual audit assignments and any recommendations made by the auditors for improvements in the design or implementation of controls. The Committee also receives reports on progress towards the implementation of previously agreed actions arising from audit recommendations.

The agreed internal audit programme for 2018/19 included reviews of the following areas:

- GDPR compliance
- The Equality and Diversity Framework
- Governance
- Follow up of recommendations made in previous reports

The Audit Committee also receives a report from the Statutory and Regularity Auditors, Murray Smith. Where relevant the auditor's management letter includes details of control weaknesses that have been identified during the audit and includes recommendations for improvements. No weaknesses have been identified during the audit of these accounts.

The Audit Committee meets with both the internal and statutory auditors without management being present. This is an opportunity for committee members to gain additional assurance by having candid and confidential discussions about the Foundation's financial and risk control environment.

## **Review of Value for Money**

As accounting officer the Chief Executive has responsibility for ensuring that the Foundation delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider social outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the Foundation'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 benchmark data where appropriate.

The Board of Trustees receives an annual report on value for money setting out areas in which the Foundation has delivered improved value for money during the year. Examples of improvements made during the period include:

- Improved outcomes for students in the Summer 2019 examinations, in terms of the overall A-Level pass rate, the percentage of high grades and high high grades achieved and in value added performance.
- Financial savings made on the cost of insurance through a formal tender process that also delivered improved levels of cover for 2018/19.
- A 4% reduction in electricity consumption in the year to 31 August 2019 compared with the previous twelve months.
- The generation of additional income from the more intensive use of the leisure facilities at Sir John Deane's Sixth Form College. Total income increased by almost £100,000 compared with the previous 12 month period.

The Foundation makes use of available financial and other information to benchmark performance where possible, although as a sixth form college with adult education provision and extensive leisure centre activities benchmarking against 11-16 or 11-19 academies is often not helpful.

## **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 Foundation 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 The Sir John Brunner Foundation for the period from 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

## **Capacity to Handle Risk**

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

## **The Risk and Control Framework**

The Foundation'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 of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint RSM as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Foundation's systems of control, both financial and non-financial.

The areas reviewed during the course of the academic year were:

- General Data Protection Regulations Governance. This was an advisory report following up on a report on readiness for GDPR prepared in the previous year. It concluded that the nine action points raised in the earlier report had all been fully implemented.
- Governance – Post Academisation. This report concluded that there was reasonable assurance that the controls in place to manage the area are suitably designed and consistently applied.
- Equality and Diversity Framework. This report concluded that there was reasonable assurance that the controls in place to manage the area are suitably designed and consistently applied. Four low priority and one medium priority recommendations were made and an appropriate timetable for the implementation of agreed actions was agreed with the Board.



- The follow up of actions implemented in response to recommendations made in internal audit reports during the previous year concluded that good progress had been made and all agreed actions had been fully implemented

RSM provides an annual opinion on the overall adequacy and effectiveness of the risk management, governance and internal control processes based upon the work undertaken during the year. For 2018/19 the report concludes that The Sir John Brunner Foundation had an adequate and effective framework for risk management, governance and internal control. It also states that the audit work had identified further enhancements to the framework for risk management, governance and internal control to ensure that it remains adequate and effective.

The Board of Trustees has agreed a programme of internal audit assignments for the academic year 2019/20.

### **Review of Effectiveness**

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

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

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

Approved by order of the members of the board of trustees on 18 December 2019 and signed on its behalf by:

  
**Alan Redley**  
Chair of Trustees

  
**Kerry Kirkwood**  
Accounting Officer

## **Statement of Regularity, Propriety and Compliance**

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

I confirm that I and the Foundation board of trustees are able to identify any material irregular or improper use of all funds by the Foundation, or material non-compliance with the terms and conditions of funding under the Foundation'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 the ESFA.



**Kerry Kirkwood**  
**Accounting Officer**  
**18 December 2019**

## Statement of Trustees' Responsibilities

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 18 December 2019 and signed on its behalf by:

  
**Alan Redley**  
**Chair of Trustees**

## **Independent Auditor's Report on the Financial Statements to the Members of The Sir John Brunner Foundation**

### **Opinion**

We have audited the financial statements of The Sir John Brunner Foundation for the period ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, 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), and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the Foundation's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the period 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 2015 and Academies Accounts Direction 2018 to 2019.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

- the Foundation's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Foundation has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Foundation's ability to continue to adopt the

going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report, but does not include the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

- the information given in the Trustees' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

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

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

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- all the information and explanations required for the audit were not received.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 17 -18, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Trustees is responsible for assessing the Foundation'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 Board of Trustees either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

### **Our responsibilities for the audit of the financial statements**

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

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

### **Use of our report**

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



Michael Benson (Senior Statutory Auditor)  
For and on behalf of Murray Smith LLP  
Chartered Accountants  
Statutory Auditors  
Darland House  
44 Winnington Hill  
Northwich  
Cheshire  
CW8 1AU

**Date :-18 December 2019**

## **Independent Reporting Accountant's Assurance Report on Regularity to The Sir John Brunner Foundation and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 23 March 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Sir John Brunner Foundation during the period from 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Respective responsibilities of The Sir John Brunner Foundation's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Sir John Brunner Foundation's funding agreement with the Secretary of State for Education dated 26 March 2018 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.



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

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

The work undertaken to draw to our conclusion includes:

- review of evidence supporting the Foundation's Regularity Self-Assessment; and
- review of the Foundation's expenditure during the year.

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



**Murray Smith LLP**

**18 December 2019**

Chartered Accountants and Statutory Auditors  
Darland House  
44 Winnington Hill  
Northwich  
Cheshire CW8 1AU

**Statement of Financial Activities for the year ended 31 August 2019**

	Note	Unrestricted Funds £	Restricted General funds £	Restricted Fixed Asset Funds £	Total 2018/19 £	5 Months Total 2017/18 £
<b>Income and endowments from:</b>						
Donations and capital grants	2	0	0	166,352	166,352	50,836
Transfer from Sir John Deane's Sixth Form College on conversion	3	0	0	0	0	23,987,459
<b>Charitable activities:</b>						
Funding for the Foundation's educational activities	4	62,019	7,366,746	0	7,428,765	3,315,955
Other trading activities	5	831,698	0	0	831,698	294,747
Investments	6	16,646	0	0	16,646	4,363
<b>Total income</b>		<b>910,363</b>	<b>7,366,746</b>	<b>166,352</b>	<b>8,443,461</b>	<b>27,653,360</b>
<b>Expenditure on:</b>						
Raising funds	7	358,130	0	0	358,130	172,782
<b>Charitable activities:</b>						
Foundation educational operations	8	510,074	7,142,477	783,914	8,436,465	3,012,416
Other		0	0	0	0	0
<b>Total expenditure</b>		<b>868,204</b>	<b>7,142,477</b>	<b>783,914</b>	<b>8,794,595</b>	<b>3,185,198</b>
<b>Net income / (expenditure)</b>		<b>42,159</b>	<b>224,269</b>	<b>(617,562)</b>	<b>(351,134)</b>	<b>24,468,162</b>
<b>Transfers between funds</b>	18					<b>0</b>
<b>Other recognised gains / (losses):</b>						
Actuarial gains / (losses) on defined benefit pension schemes	27	0	(791,000)	0	(791,000)	315,000
<b>Net movement in funds</b>		<b>42,159</b>	<b>(566,731)</b>	<b>(617,562)</b>	<b>(1,142,134)</b>	<b>24,783,162</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		1,956,896	406,463	22,419,803	24,783,162	0
<b>Total funds carried forward</b>		<b>1,999,055</b>	<b>(160,268)</b>	<b>21,802,241</b>	<b>23,641,028</b>	<b>24,783,162</b>

**Balance sheet as at 31 August 2019**

	Notes	31 August 2019 £	31 August 2018 £
<b>Fixed assets</b>			
Tangible fixed assets	12	24,252,971	24,808,368
<b>Current assets</b>			
Debtors	13	392,246	526,555
Investments	14	819,179	809,339
Cash at bank and in hand		2,302,355	2,327,548
		<b>3,513,780</b>	<b>3,663,442</b>
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	15	(616,645)	(1,109,781)
<b>Net current assets</b>		<b>2,897,135</b>	<b>2,553,661</b>
<b>Total assets less current liabilities</b>		<b>27,150,106</b>	<b>27,362,029</b>
Creditors – amounts falling due after more than one year	16 / 17	(2,072,078)	(2,197,867)
<b>Net assets excluding pension liability</b>		<b>25,078,028</b>	<b>25,164,162</b>
Defined benefit pension scheme liability	27	(1,437,000)	(381,000)
<b>Total net assets</b>		<b>23,641,028</b>	<b>24,783,162</b>
<b>Funds of the Foundation:</b>			
<b>Restricted funds</b>			
Fixed asset fund	18	21,802,241	22,419,803
Restricted income fund	18	1,276,732	787,463
Pension reserve	18	(1,437,000)	(381,000)
<b>Total restricted funds</b>		<b>21,641,973</b>	<b>22,826,266</b>
<b>Unrestricted income funds</b>	18	1,999,055	1,956,896
<b>Total funds</b>		<b>23,641,028</b>	<b>24,783,162</b>

The financial statements on pages 24 to 49 were approved by the trustees and authorised for issue on 18 December 2019 and are signed on their behalf by:



**Alan Redley**  
Chair



**Kerry Kirkwood**  
Accounting Officer

**Statement of Cash Flows for the year ended 31 August 2019**

	<b>Note</b>	<b>Year ended 31 August 2019 £</b>	<b>27 February 2018 to 31 August 2018 £</b>
<b>Cash flow from operating activities</b>			
Net cash provided by (used in) operating activities	22	420,428	756,418
<b>Cash flows from investing activities</b>	24	(100,765)	(821,995)
<b>Cash flows from financing activities</b>	23	(344,856)	(63,898)
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(25,193)</b>	<b>(129,475)</b>
<b>Cash and cash equivalents at 1 September 2018</b>		<b>2,327,548</b>	<b>0</b>
Cash transferred from Sir John Deane's Sixth Form College on conversion	3	0	2,457,023
<b>Cash and cash equivalents at 31 August 2019</b>	25	<b>2,302,355</b>	<b>2,327,548</b>

## **Notes to the accounts**

### **1. Accounting policies**

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

#### **Basis of Preparation**

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

#### **Going Concern**

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

#### **Conversion to an Academy Trust**

The conversion of Sir John Deane's from an independent sixth form college to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the college for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Sir John Deane's Sixth Form College to the Foundation have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 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 (GAG) 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.

## **Sponsorship Income**

Sponsorship income provided to the Foundation which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

## **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.

## **Tuition Fee Income (Adult Education)**

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

## **Investment Income**

All income from short term deposit accounts is credited to the Statement of Financial Activity in the period in which it is earned on a receivable basis.

## **Other Income**

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

### **Donated goods, facilities and services**

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

### **Transfer on conversion**

Where assets and liabilities are received by the Foundation on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Foundation. An equal amount of income is recognised as transfer on conversion within Donations and capital grant income to the net assets received.

### **Donated fixed assets (excluding Transfers on conversion/into the Foundation)**

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be 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 Foundation's accounting policies.

### **Expenditure**

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

### **Expenditure on Raising Funds**

This includes all expenditure incurred by the Foundation 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 Foundation's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT, where applicable.

### **Tangible Fixed Assets**

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Long leasehold buildings – 50 years  
Furniture and fixtures – 3 – 10 years  
Plant and equipment – 3 – 10 years

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

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

#### *Subsequent expenditure on existing fixed assets*

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

### **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.



### **Provisions**

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

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

### **Leased Assets**

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

### **Financial Instruments**

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

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

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

*Financial liabilities* – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

### **Taxation**

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

### **Pensions Benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Foundation in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective

unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

### **Fund Accounting**

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency (ESFA).

### **Agency Arrangements**

The Foundation acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Foundation does not have control over the charitable application of the funds. The Foundation can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 29.

### **Critical accounting estimates and areas of judgement**

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

#### *Critical accounting estimates and assumptions*

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### *Critical areas of judgement*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values

### **Short term employment benefits**

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the Foundation. Any unused benefits are accrued and measured as the additional amount the Foundation expects to pay as a result of the unused entitlement.

### **Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has a maturity of 3 months or less from the date of acquisition.

## 2. Donations and capital grants

	Unrestricted Funds	Restricted Funds	2019 Total	2018 Total
	£	£	£	£
Capital grants	0	166,352	166,352	48,336
Donated fixed assets	0	0	0	0
Other donations	0	0	0	2,500
<b>Total</b>	<b>0</b>	<b>166,352</b>	<b>166,352</b>	<b>50,836</b>

## 3. Conversion to an Academy Trust

On 1 April 2018 Sir John Deane's Sixth Form College converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Sir John Brunner Foundation from the Corporation of Sir John Deane's Sixth Form College for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations – Transfer from Sir John Deane's Sixth Form College on conversion. The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
<b>Tangible Fixed Assets</b>				
Leasehold land and buildings			24,735,672	24,735,672
Other tangible fixed assets			326,307	326,307
<b>Current assets</b>				
Cash	2,457,023			2,457,023
Trade debtors	9,880			9,880
Prepayments	60,985			60,985
Other debtors	371,309			371,309
<b>Current liabilities</b>				
Trade creditors	(63,923)			(63,923)
Bank loan due within one year			(115,017)	(115,017)
Payroll liabilities	(185,578)			(185,578)
Accruals	(603,086)			(603,086)
Other creditors	(61,855)			(61,855)
<b>Non-current liabilities</b>				
Bank loan repayable after more than one year			(2,258,258)	(2,258,258)
LGPS Pension Deficit		(686,000)		(686,000)
<b>Net assets</b>	<b>1,984,755</b>	<b>(686,000)</b>	<b>22,688,704</b>	<b>23,987,459</b>

**4. Funding for the Foundation's educational operations**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>2019 Total £</b>	<b>2018 Total £</b>
<b>DfE / ESFA grants</b>				
General Annual Grant (GAG)	0	6,756,535	6,756,535	3,154,151
Other DfE Group grants	0	281,867	281,867	123,310
<b>Other Government grants</b>				
Local authority grants	0	0	0	4,037
Other income from the foundation's educational operations	62,019	328,344	390,363	34,457
	<b>62,019</b>	<b>7,366,746</b>	<b>7,428,765</b>	<b>3,315,955</b>

**5. Other trading activities**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>2019 Total £</b>	<b>2018 Total £</b>
Hire of facilities	135,662	0	135,662	39,908
Income from other charitable activities	257,291	0	257,291	126,550
Income from ancillary trading activities	438,745	0	438,745	128,289
<b>Total</b>	<b>831,698</b>	<b>0</b>	<b>831,698</b>	<b>294,747</b>

**6. Investment income**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>2019 Total £</b>	<b>2018 Total £</b>
Short term deposits - interest	16,646	0	16,646	4,363
<b>Total</b>	<b>16,646</b>	<b>0</b>	<b>16,646</b>	<b>4,363</b>

**7. Expenditure**

	Staff Costs £	Premises £	Other £	2019 Total £	2018 Total £
<i>Expenditure on raising funds:</i>					
Direct costs	245,320	81,058	31,752	358,130	172,782
Allocated support costs	0	0	0	0	0
<i>Foundation's educational operations:</i>					
Direct costs	3,746,373	0	704,169	4,450,542	1,581,108
Allocated support costs	1,267,643	445,791	2,272,489	3,985,923	1,431,308
<b>Total</b>	<b>5,259,336</b>	<b>526,849</b>	<b>3,008,410</b>	<b>8,794,595</b>	<b>3,185,198</b>

Net expenditure for the period includes:

	2019 £	2018 £
Operating lease rentals	21,056	14,549
Depreciation	783,914	318,627
(Gain) / loss on disposal of fixed assets	0	0
Fees payable to auditor for:		
-audit	6,314	6,190
-other services	250	0
<b>Total</b>	<b>811,534</b>	<b>339,366</b>

**8. Charitable Activities**

	2019 £	2018 £
Direct costs – educational operations	4,450,542	1,581,108
Support costs – educational operations	3,985,923	1,431,308
	<b>8,436,465</b>	<b>3,012,416</b>

**Analysis of support costs**

	2019 Educational Operations £	2018 Educational Operations £
Support staff costs	1,267,643	512,667
Depreciation	783,914	318,627
Technology costs	192,732	58,343
Premises costs	445,791	178,939
Other support costs	1,271,338	350,502
Governance costs	24,505	12,230
<b>Total support costs</b>	<b>3,985,923</b>	<b>1,431,308</b>

**9. Staff****a. Staff costs**

Staff costs during the period were:

	2019	2018
	£	£
Wages and salaries	4,188,986	1,647,293
Social security costs	381,038	146,765
Pension costs	680,382	280,402
	<b>5,250,406</b>	<b>2,074,460</b>
Agency staff costs	8,930	3,986
<b>Total staff costs</b>	<b>5,259,336</b>	<b>2,078,446</b>

**b. Staff numbers**

The average number of persons employed by the Foundation during the period was:

	2019	2018
Teachers	99	93
Administration and support	114	132
Management	3	3
	<b>216</b>	<b>228</b>

**c. Higher paid staff**

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

	2019	2018
	No	No.
£60,001 to £70,000 p.a.	0	0
£70,001 to £80,000 p.a.	0	1
£80,001 to £90,000 p.a.	2	1
£90,001 to £100,000 p.a.	0	1
£100,001 to £110,000	1	0

**d. Key management personnel**

Key management personnel of the Foundation comprise the trustees and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Foundation was £350,289 (2018 £143,627 for 5 month period).

## 10. Related party transactions – Trustees’ remuneration and expenses

One trustee has been paid remuneration or has received other benefits from employment with the Foundation. The Chief Executive Officer only receives remuneration in respect of services provided undertaking the roles of Principal of Sir John Deane’s Sixth Form College and Chief Executive Officer of The Sir John Brunner Foundation, under a contract of employment.

The value of trustees’ remuneration and other benefits was as follows:

K Kirkwood (Chief Executive Officer, Principal and trustee)

		<i>Annual equivalent</i>
Remuneration	£100,000-£105,000	(2018) £90,0000 - £100,000
Employer’s pension contributions paid	£15,000 - £20,000	(2018) £15,000 - £20,000

During the year ended 31 August 2019 no travel and subsistence expenses were reimbursed or paid directly to trustees.

## 11. Trustees and Officers’ Insurance

In accordance with normal commercial practice the Foundation has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Foundation business. The insurance provides cover up to £5,000,000 on any one claim and forms part of a commercial combined policy with Aviva. Because the policy combines a number of different insurances the cost for the Trustees’ and Officers’ liability cover is not separately identifiable and is included in the total insurance cost.

## 12. Tangible fixed assets

	<b>Leasehold Land and Buildings</b>	<b>Plant and Equipment</b>	<b>Total</b>
<b>Cost or valuation</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 September 2018	24,735,672	391,323	25,126,995
Acquisitions	0	0	0
Additions	0	228,517	228,517
Disposals	0	0	0
<b>At 31 August 2019</b>	<b>24,735,672</b>	<b>619,840</b>	<b>25,355,512</b>
<b>Depreciation</b>			
At 1 September 2018	266,063	52,564	318,627
Charge for period	636,376	147,538	783,914
Eliminated in respect of disposals	0	0	0
<b>At 31 August 2019</b>	<b>902,439</b>	<b>200,102</b>	<b>1,102,541</b>
Net book value at 31 August 2018	24,469,609	338,759	24,808,368
<b>Net book value at 31 August 2019</b>	<b>23,833,233</b>	<b>419,738</b>	<b>24,252,971</b>



**12. Tangible fixed assets (cont.)**

The freehold land and buildings are owned by a separate charitable trust, the Sir John Deane's Foundation Scheme, for the sole use of Sir John Deane's Sixth Form College. On 1 April 2018 the Sir John Deane's Foundation Scheme Trustees entered into a 125 year lease at a peppercorn rent with The Sir John Brunner Foundation.

Under the terms of the lease the Foundation is fully responsible for the maintenance, insurance and general upkeep of the land and buildings. As a result the Foundation has determined that the most appropriate accounting treatment is to recognise the substance of the transaction rather than the legal form and capitalise the land and building assets in the Foundation's accounts.

**13. Debtors**

<b>Amounts falling due within one year:</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade debtors	6,441	10,643
VAT recoverable	36,500	97,930
Other debtors	0	38,020
Prepayments and accrued income	349,305	379,962
	<b>392,246</b>	<b>526,555</b>

**14. Current investments**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Short term deposits	<b>819,179</b>	<b>809,339</b>

The above deposits were invested with Close Brothers in an interest bearing notice account for which six months' notice is required for all withdrawals.

**15. Creditors: amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade creditors	88,181	516,360
Other taxation and social security	90,743	88,768
Bank loans	126,211	147,582
Other creditors	86,884	128,126
Accruals and deferred income	224,626	228,945
	<b>616,645</b>	<b>1,109,781</b>

**15. Creditors: amounts falling due within one year (cont.)**

	2019	2018
	£	£
Deferred income at 31 August 2018 / 27 February 2018	105,133	0
Released from previous years	(105,133)	0
Resources deferred in year	132,950	105,133
<b>Deferred income at 31 August 2018</b>	<b>132,950</b>	<b>105,133</b>

At the balance sheet date the Foundation was holding the following funds received in advance:

	£	£
Tuition fees paid in advance for Adult Education courses starting in September	47,910	52,495
Voluntary donations relating to the 2019/20 academic year	48,240	38,039
Exam fees relating to remarks and script requests	6,487	0
Unspent 16-19 Bursary funds carried forward	19,583	14,599
Specific donations - unspent balances	1,223	0
Refundable deposits	474	0
Educational visits and expeditions income	9,033	0
	<b>132,950</b>	<b>105,133</b>

**16. Creditors: amounts falling due after one year**

	2019	2018
	£	£
Bank loans and overdrafts	<u>2,072,078</u>	<u>2,197,867</u>

**17. Maturity of Debt****Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

	2019	2018
	£	£
In one year or less	126,211	147,582
Between one and two years	132,638	126,211
Between two and five years	453,126	425,910
In five years or more	1,486,314	1,645,746
	<b>2,198,289</b>	<b>2,345,449</b>

The Foundation has an unsecured loan with Lloyds Bank at a fixed rate of 6.38% repayable by quarterly instalments until November 2031.

**18. Funds**

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains (Losses) and Transfers £	Balance at 31 August 2019 £
<b>Restricted General Funds</b>					
General Annual Grant (GAG)	750,112	6,756,535	(6,359,208)	0	1,147,439
Other Grants	27,386	281,867	(253,994)	0	55,259
Other income	9,965	328,344	(264,275)	0	74,034
Pension Reserve	(381,000)	0	(265,000)	(791,000)	(1,437,000)
	<b>406,463</b>	<b>7,366,746</b>	<b>(7,142,477)</b>	<b>(791,000)</b>	<b>(160,268)</b>
<b>Restricted Fixed Asset Funds</b>					
Transfer on conversion	22,375,495	0	(724,685)	0	21,650,810
DfE Group capital grants	41,558	166,352	(42,338)	0	165,572
Other capital grants	2,750	0	(600)	0	2,150
Capital expenditure from GAG	0	0	(16,291)	0	(16,291)
	<b>22,419,803</b>	<b>166,352</b>	<b>(783,914)</b>	<b>0</b>	<b>21,802,241</b>
<b>Total Restricted Funds</b>	<b>22,826,266</b>	<b>7,533,098</b>	<b>(7,926,391)</b>	<b>(791,000)</b>	<b>21,641,973</b>
<b>Total Unrestricted Funds</b>	<b>1,956,896</b>	<b>910,363</b>	<b>(868,204)</b>	<b>0</b>	<b>1,999,055</b>
<b>Total Funds</b>	<b>24,783,162</b>	<b>8,443,461</b>	<b>(8,794,595)</b>	<b>(791,000)</b>	<b>23,641,028</b>

**18. Funds (cont)**

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

	Balance at 27 February 2018 £	Income £	Expenditure £	Gains (Losses) and Transfers £	Balance at 31 August 2018 £
<b>Restricted General Funds</b>					
General Annual Grant (GAG)	0	3,154,151	(2,402,649)	(1,390)	750,112
Other Grants	0	127,347	(99,961)	0	27,386
Other income	0	65,351	(55,386)		9,965
Pension Reserve	0	(686,000)	(10,000)	315,000	(381,000)
	0	2,660,849	(2,567,996)	313,610	406,463
<b>Restricted Fixed Asset Funds</b>					
Transfer on conversion	0	22,688,704	(313,209)	0	22,375,495
DfE Group capital grants	0	45,336	(3,778)	0	41,558
Other capital grants	0	3,000	(250)	0	2,750
Capital expenditure from GAG	0	0	(1,390)	1,390	0
	0	22,737,040	(318,627)	1,390	22,419,803
<b>Total Restricted Funds</b>	0	25,397,889	(2,886,623)	315,000	22,826,266
<b>Total Unrestricted Funds</b>	0	2,255,471	(298,575)	0	1,956,896
<b>Total Funds</b>	0	27,653,360	(3,185,198)	315,000	24,783,162

**19. Analysis of Net Assets between Funds**

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	0	252,440	24,000,531	24,252,971
Current assets	2,063,653	1,450,127	0	3,513,780
Current liabilities	(64,598)	(425,835)	(126,212)	(616,645)
Non-current liabilities	0	0	(2,072,078)	(2,072,078)
Pension scheme liabilities	0	(1,437,000)	0	(1,437,000)
<b>Total net assets</b>	<b>1,999,055</b>	<b>(160,268)</b>	<b>21,802,241</b>	<b>23,641,028</b>

**19. Analysis of Net Assets between Funds (Cont)**

Comparative information in respect of the previous period as at 31 August 2018 is as follows:

	<b>Unrestricted Funds</b>	<b>Restricted General Funds</b>	<b>Restricted Fixed Asset Funds</b>	<b>Total Funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Tangible fixed assets	0	15,290	24,793,078	<b>24,808,368</b>
Current assets	2,129,786	1,533,656	0	<b>3,663,442</b>
Current liabilities	(172,890)	(761,483)	(175,408)	<b>(1,109,781)</b>
Non-current liabilities	0	0	(2,197,867)	<b>(2,197,867)</b>
Pension scheme liabilities	0	(381,000)	0	<b>(381,000)</b>
<b>Total net assets</b>	<b>1,956,896</b>	<b>406,463</b>	<b>22,419,803</b>	<b>24,783,162</b>

**20. Capital and other commitments**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Commitments contracted for, but not provided for at 31 August	<u>8,464</u>	<u>221,702</u>

**21. Commitments under operating leases**

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

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Amounts due within one year	21,075	21,075
Amounts due between one and five years	21,075	42,150
Amounts due after five years	0	0
	<u><b>42,150</b></u>	<u><b>63,225</b></u>

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

	2019	2018
	£	£
Net income / (expenditure) for the period	(351,134)	24,468,162
Adjusted for:		
Net assets transferred from Sir John Deane's Sixth Form College on conversion	0	(23,987,459)
Depreciation (note 12)	783,914	318,627
Capital grants from DfE and other capital grants	(166,352)	(48,336)
Interest paid	158,591	63,016
Interest receivable (note 6)	(16,646)	(4,363)
Defined benefit scheme cost less contributions payable (note 27)	251,000	2,000
Defined pension scheme finance cost (note 27)	14,000	8,000
(Increase) / decrease in debtors	179,715	(84,042)
Increase / (decrease) in creditors	(432,660)	20,813
<b>Net cash provided by operating activities</b>	<b>420,428</b>	<b>756,418</b>

**23. Cash flows from financing activities**

	2019	2018
	£	£
Repayments of borrowing	(147,160)	(27,826)
Cash inflows from new borrowing	0	0
Interest paid	(197,696)	(36,072)
<b>Net cash provided by / (used in) financing activities</b>	<b>(344,856)</b>	<b>(63,898)</b>

**24. Cash flows from investing activities**

	2019	2018
	£	£
Dividends, interest and rents from investments	16,646	4,024
New deposits in short term investments	(9,840)	(809,339)
Purchase of tangible fixed assets	(228,517)	(65,016)
Capital grants from DfE Group	120,946	45,336
Capital funding received from sponsors and others	0	3,000
<b>Net cash provided by / (used in) investing activities</b>	<b>(100,765)</b>	<b>(821,995)</b>

**25. Analysis of cash and cash equivalents**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Cash in hand and at bank	2,302,365	2,327,548
Notice deposits (less than 3 months)	0	0
<b>Total cash and cash equivalents</b>	<b>2,302,365</b>	<b>2,327,548</b>

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

**27. Pension and similar obligations**

The Foundation'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 the Cheshire Pension Fund. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £79,787 were payable to the schemes at 31 August 2019 and are included within creditors.

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions.

## **27. Pension and similar obligations (cont.)**

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 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% 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 £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the year amounted to £422,740.

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

### **Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £342,103, of which employer's contributions totalled £260,550 (including deficit reduction payments of £2,917) and employees' contributions totalled £81,553. The agreed contribution rates for the for the Foundation in respect of Sir John Deane's Sixth Form College in 2019/20 is 21.5% for the employer and range from 5.5% to 7.5% for employees depending on salary. The triennial valuation for funding purposes is currently underway. Any changes to contribution rates for employers or employees are expected to be effective from 1 April 2020.



**27. Pension and similar obligations (cont.)**

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

**Principal Actuarial Assumptions**

	<b>At 31 August 2019</b>	<b>At 31 August 2018</b>
Rate of increase in salaries	2.6%	2.7%
Future pensions increases	2.3%	2.4%
Discount rate for scheme liabilities	1.8%	2.8%
Inflation assumption (CPI)	2.3%	2.4%
Commutation of pensions to lump sums	50.0%	50.0%

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

	<b>At 31 August 2019</b>	<b>At 31 August 2018</b>
<i>Retiring today</i>		
Males	21.2 years	22.3 years
Females	23.5 years	24.5 years
<i>Retiring in 20 years</i>		
Males	22.1 years	23.9 years
Females	25.0 years	26.5 years

**Sensitivity Analysis**

	<b>2019 £000</b>	<b>2018 £000</b>
Discount rate: + 0.1%	(234)	(178)
Discount rate: - 0.1%	234	178
Mortality assumption: 1 year increase	57	252
Mortality assumption: 1 year decrease	(57)	(252)
CPI rate: + 0.1%	202	152
CPI rate: - 0.1%	(202)	(152)

**27. Pension and similar obligations (cont.)**

The Foundation's share of the assets in the scheme were:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Equities	3,812	3,772
Bonds	4,167	3,379
Property	709	629
Cash and other liquid assets	<u>177</u>	<u>79</u>
<b>Total fair value of assets</b>	<b><u>8,865</u></b>	<b><u>7,859</u></b>

The actual return on the scheme assets was £851,000 (9.6%).

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

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Current service cost	(483)	(202)
Past service cost	(31)	0
Interest income	223	84
Interest cost	(237)	(92)
Benefit changes, gain / (loss) on curtailment and gain / (loss) on settlement		0
Admin expenses	<u>0</u>	<u>0</u>
<b>Total amount recognised in the SOFA</b>	<b><u>(528)</u></b>	<b><u>(210)</u></b>

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

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 September 2018</b>	<b>8,240</b>	<b>0</b>
Conversion of Sir John Deane's Sixth Form College	0	8,109
Current service cost	483	202
Interest cost	237	92
Employee contributions	83	34
Actuarial (gain) / loss	1,333	(171)
Benefits paid	(105)	(26)
Losses or gains on curtailments	0	0
Past service cost	31	0
Unfunded pension payments	0	0
Effect of non-routine settlements	<u>0</u>	<u>0</u>
<b>At 31 August 2019</b>	<b><u>10,302</u></b>	<b><u>8,240</u></b>

**27. Pension and similar obligations (cont.)**

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

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 September 2018</b>	<b>7,859</b>	<b>0</b>
Conversion of Sir John Deane's Sixth Form College	0	7,423
Interest income	223	84
Actuarial gain / (loss)	542	144
Employer contributions	263	200
Employee contributions	83	34
Benefits paid	(105)	(26)
Effect of non-routine settlements	0	0
<b>At 31 August 2019</b>	<b><u>8,865</u></b>	<b><u>7,859</u></b>

**28. Related Party Transactions**

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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

**29. Agency Arrangements**

The Foundation distributes 16-19 bursary funds to students as an agent for the ESFA. In the year to 31 August 2019 the Foundation received and distributed the following funds:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
16-19 bursary funds received from ESFA in year	88,705	29,741
Unspent funds carried over from previous year	14,599	7,200
Funds transferred from Free College Meals allocation	4,546	5,375
	<u>107,850</u>	<u>42,316</u>
Amount disbursed to students	(84,090)	(25,343)
Administration costs	(4,177)	(2,374)
Balance unspent included in creditors at 31 August	<u><b>19,583</b></u>	<u><b>14,599</b></u>