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Company Registration Number: 07597390 (England & Wales)

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the year ended 31 August 2019



THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Contents

	Page
Reference and Administrative Details	1 - 2
Governors' Report	3 - 13
Governance Statement	14 - 17
Statement on Regularity, Propriety and Compliance	18
Statement of Governors' Responsibilities	19
Independent Auditors' Report on the Financial Statements	20 - 22
Independent Reporting Accountant's Report on Regularity	23 - 24
Statement of Financial Activities Incorporating Income and Expenditure Account	25
Balance Sheet	26
Statement of Cash Flows	27
Notes to the Financial Statements	28 - 53

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Reference and Administrative Details

Members

Mr C Gregory
Mr A Hunt
Mr P Irons
Mr A Ishaque
Mrs E Jackson

Trustees

Mr P Irons¹
Mrs E Jackson
Mrs U Afzal
Dr S Ahmad
Mr S Battlemuch (resigned 22 May 2019)
Mr M Blatchly¹
Mr R Burnet
Mr W Davidson (resigned 24 September 2018)
Mr S Deadman-Corsie¹
Mr C Gregory¹
Mrs R Hudlin¹
Mr A Hunt¹
Mr A Ishaque
Mr N Jackson¹
Mr L J Mead
Mrs K Shale
Ms A Smart-Gosrani
Mr A Young (resigned 31 August 2019)
Mr P A Burke (appointed 1 September 2018)
Mr K Beswick (appointed 26 September 2018)
Mrs R Bennett (appointed 31 January 2019)

¹ members of the Finance and Audit Committee

Company registered number

07597390

Company name

The Fernwood Academy Trust

Principal and registered office

The Fernwood Academy Trust, Goodwood Road, Nottingham, Nottinghamshire, NG8 2FT

Company secretary

Mr P Robinson

Senior management team

Mrs M Morrill, Assistant Principal
Mrs J Eldridge, Deputy Principal
Mr D Rowe, Senior Deputy Principal

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Reference and Administrative Details (continued)
For the year ended 31 August 2019

Mrs A Cannon, Assistant Principal
Mr P A Burke (Appointed 1 September 2018), Principal
Mr M Hughes (Appointed 15 April 2019), Assistant Principal

Independent auditors

Smith Cooper Audit Limited, 2 Lace Market Square, Nottingham, NG1 1PB

Bankers

Lloyds TSB, Old Market Square, Nottingham, Nottinghamshire, NG1 6FD

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Governors' Report
For the year ended 31 August 2019

The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Governors' report and a directors' report under company law.

Structure, governance and management

a. Constitution

The Academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the Academy.

The Governors of The Fernwood Academy Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as The Fernwood Academy.

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

b. Members' liability

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

c. Governors' indemnities

During the period, an indemnity from the Charitable Company was available to the Governors against liabilities that might be incurred by them in defending proceedings against them in respect of the affairs of the Charitable Company. The indemnity is subject to the provisions of the Companies Act and is set out in the Articles of Association. The Trust has purchased Academies Risk Protection Arrangement (RPA) which covers Governors Liability Insurance with unlimited indemnity, the RPA also covers staff.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Governors' Report (continued)
For the year ended 31 August 2019

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Governors

The Governors (other than associate governors) are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of the charity legislation.

The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Principal. Subject to eligibility any Governor may be reappointed or re-elected.

Details of the Governors who served throughout the year except as noted are included in the reference and administrative details on page 1.

During the period under review the Governing Body held 6 meetings.

The articles of association state that:

- The Trust can appoint 1 Governor,
- The Local Authority appoints 1 Governor,
- The governing body appoints 2 Partnership Governors and 5 Community Governors,
- 7 governors are elected Parent Governors,
- 3 governors are elected Staff Governors,
- 3 further co-opted governors can be appointed by the Governing Body,
- The Principal is an ex-officio Governor.

e. Policies adopted for the induction and training of Governors

The training and induction provided for new Governors will depend on their existing experience. In brief, appropriate training and support is provided to Governors throughout their membership in appropriate areas, for example, induction, or specific areas such as pupil discipline, finance, complaints and admissions. This programme is supplemented by structured Governor visits, including giving Governors a chance to meet staff and students and tour the school. All Governors are provided with copies of policies, procedures, minutes, accounts, budget and other documents that they will need to undertake their role as Governor.

f. Organisational structure

The Governing Body normally meets 6 times each year. The Governing Body establishes an overall framework for the governance of the academy and agrees membership of committees. It receives reports from its committees for approval. It monitors the activities of the committees through the minutes of their meetings. It also establishes the terms of reference for its committees.

The Governing Body is responsible for setting strategy and general policy, adopting an annual plan and budget, monitoring the academy's use of funds and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

The Principal has responsibility for the day to day management of the academy. The Principal is the accounting officer.

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

The pay policy does not discriminate between key management personnel and other teaching staff and is based on performance management in line with pupil progress and outcomes. The main parameters used for setting key management personnel salaries are national teacher pay and conditions guidance, job responsibilities and experience.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Governors' Report (continued)
For the year ended 31 August 2019

Structure, governance and management (continued)

h. Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time **£000**

Total cost of facility time	-
Total pay bill	-
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

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

a. Objects and aims

The principal object of The Fernwood Academy Trust is to advance, for the public benefit, education in the United Kingdom, in particular (but without prejudice to the generality of the foregoing) by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum with a strong emphasis on care and discipline. In setting our objectives and planning our activities the Governors have given careful consideration to the charity commission's general guidance on public benefit.

In accordance with The Fernwood Academy Trust's funding agreement, arrangements are made to meet the conditions of grant on such matters as admissions, exclusions, arrangements for pupils with special educational needs (SEN) and the curriculum.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Governors' Report (continued)
For the year ended 31 August 2019

Objectives and activities (continued)

b. Objectives, strategies and activities

The Fernwood Academy Trust's main strategy is encompassed in its vision and ethos which is to ensure that the academy is one where everybody will achieve the highest standards. In particular we aim to:

- challenge every pupil to raise their aspirations and excel in academic achievements
- instil in pupils the values and characteristics necessary to become successful, confident and responsible members of society
- teach pupils the values of self-discipline, resilience and endeavour in order to become life-long learners
- prepare pupils to participate in and contribute to a society with ever changing scientific, technical and international needs.

To this end, the activities that will be provided include those to:

- establish a broad, balanced and innovative curriculum which integrates theory, practice and has enterprise and 'learning by doing' at its core
- be relentlessly focused on developing the potential of all students, helping them learn for themselves and then support others
- foster creativity and initiative, encouraging everyone to aim for excellence in all they do
- build pride by valuing each and every individual and equipping them to take responsibility for their own actions
- provide a range of additional enrichment activities for every student beyond the normal academy day
- build strong partnerships with parents, carers, employers and the local community, with the academy becoming a centre of learning for the local community
- work with a range of partners, including business, together with further and higher education to enhance the curriculum, provide work placements and to build strong employability skills
- recruit, retain and develop high quality, enterprising and open minded staff that are positive, cooperative and contributing members of the local community and make best use of existing and new staff expertise
- make extensive and innovative use of well-designed ICT to engage learners and improve teaching and administration.

c. Public benefit

In setting objectives and planning for activities, the Governors have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'. The main public benefit delivered by The Fernwood Academy Trust is the maintenance and development of a quality education by the school. It is the Governors' aim to deliver outstanding learning to all its students during the journey of improvement towards excellence.

d. Equal opportunities policy

The Governors recognise that equal opportunities should be an integral part of good practice within the work place. The Fernwood Academy Trust aims to establish equal opportunities in all areas of its activities including the creation of a working environment in which the contribution and needs of all people are fully valued.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Governors' Report (continued)
For the year ended 31 August 2019

Strategic report

Achievements and performance

a. Key performance indicators

This is Fernwood School's eighth annual report since converting to academy status on 1st May 2011. During the reporting year the following achievements, developments, proposals and aspirations were secured, discussed and implemented:-

School Standards

- Last year's report provided draft outcomes for 2018 GCSE results. The Governing Body was advised of revised, firmer, figures later in the year. The average Attainment 8 figure for 2018, at 50.42, was confirmed and the Progress 8 for 2018 improved to +0.24, demonstrating an upward trend in Progress 8 over the last 3 years. Later review of Progress 8 scores in the Local Authority area (Nottingham City Council) placed the Academy fourth out of 25 schools.
- The revised data also evidenced that maths continued to close the gap with English (to the extent that maths performance did not need to be a school priority in 2019), results in the English Baccalaureate had held up, languages had improved, humanities was secure and design and technology was strong. The disadvantaged gap continued to be the one area where improvement was still required (an issue referred to in later sections of this review).
- Governors were provided with projected year 11 outcomes at the beginning of the 2019 summer term which indicated that Attainment would be higher than the previous year and Progress broadly similar to 2018.
- The school self-evaluation form (SEF) was reviewed in the light of the above outcomes and presented to the Governing Body. It was felt that evidence in the SEF justified a judgement of outstanding in all Ofsted categories. This exercise was undertaken in accordance with the Ofsted framework applicable at the time of this review; in this connection the Governing Body was advised that a new framework was to be introduced with effect from September 2019 and a report on the changes in the new framework, and their implications for Fernwood, was presented to Governors in the 2019 summer term.
- Further arising from the review of outcomes and future changes, a curriculum review was undertaken and a revised curriculum model approved for implementation in September 2019.
- Provisional GCSE examination results achieved by the 2019 cohort of students can be summarised as follows, noting that re-marks are yet to be completed. The Progress 8 figure will not be finalised until the coefficient of the national data set is derived. It is known that the comparatives made between this and last year's national results are 'static'. In addition, there has been no change to the majority of examination syllabi for 2019 in comparison to 2018. It is therefore reasonable to apply the 2018 coefficients to the 2019 results to get an estimate of progress.
- Given the above comments, in estimating progress for 2019 compared to 2018, it is relevant to highlight that any improvement is a significant cause for celebration as all of the following factors made it statistically less likely that progress would improve; the Key Stage 2 attainment on entry of the cohort was higher on entry than in 2018, there were more boys than girls and there were less students with English as an additional language. In addition, there was significant disturbance caused by the on-going building work and a split lunch making revision at lunch time far less systematic than had been previous custom and practice.
- Taking into account all the factors referred to above, the lowest estimate for Progress 8 is +0.23, which it is hoped will increase. For comparison 2018 was +0.22. Disadvantaged students Attainment 8 is currently 46.57 (39.1 in 2018) and the projected Progress 8 score is +0.13 (-0.35 in 2018). This is a significant achievement and if accurate would place the school in the top 20% of schools for progress for disadvantaged students.
- The school analysis for the 2019 headline results can, therefore, be summarised as
Attainment 8 Average Point Score – 52.97
Pupils attaining a standard pass in English and Maths (grade 4+) – 79%
Pupils attaining a strong pass in English and Maths (grade 5+) – 57%
Pupils entered into the English Baccalaureate - 70%
Pupils achieving a standard pass in the English Baccalaureate – 44%
Pupils achieving a strong pass in the English Baccalaureate – 28%

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Governors' Report (continued)
For the year ended 31 August 2019

Strategic report (continued)

Achievements and performance (continued)

English Baccalaureate Average Point Score - 4.88

- An excellent set of results are, therefore, predicted due in no small part to the hard work and the dedication shown by the staff which the Head Teacher wishes to formally acknowledge at this stage.

School Finances

- The Governing Body was again pleased to receive a clean audit in 2018/19 with no significant findings identified by the external auditors. Internal audit reports in the period also continued to find no significant issues. The carry-forward into 2018/19 was confirmed at £1.388m, which took into account the agreed investment of some reserves for the future benefit of the Academy (as referred to in the buildings section of this review).
- Termly reviews of both the in-year revenue budget and the projections of the medium term financial plan enabled the Governing Body to continue its focus in maintaining the Academy's financial position due to continuing pressure on the school budget.
- The prudent financial discipline adopted in previous years informed the termly reviews referred to above and ensured that Governors continued to carry out their strategic financial monitoring role in an effective manner.
- This financial planning referred to above enabled the Governing Body to set a balanced budget for 2019/20, with a projected surplus of £787,877 at year-end (taking into account that a portion of the reserves utilised for future investment – see buildings section below - would be spent in 2019/20). In setting the budget, it was noted that some reserves from the previous year had been used; indeed, medium term financial planning for the next 3 years identified in-year budget deficits in all years but, crucially, still projected year-end surpluses. The in-year deficits became smaller in each subsequent year due to the effect of the receipt of additional income from higher pupil numbers as the revised Academy PAN of 300 took effect. Further financial modelling indicated a return to in-year surplus in 2022/23.
- The in-depth consideration of the content of the Risk Register, undertaken by the Finance Committee on a termly basis, continued. Specific issues considered were site health and safety matters, financial reporting, the school expansion project and the new Ofsted framework and adjustments were made to the Register where it was deemed to be necessary.
- The requirement for all EFSA letters to Academy Chief Financial Officers to be formally reported to the Governing Body continued to be adhered to and all such letters were so reported.
- The Governing Body approved the content of a revised Funding Agreement for the Academy, required in the light of changes in future pupil numbers.
- A new Academies Financial Handbook was issued in September 2018 and the associated issues in this respect are reported in the governance section of the review.

School Staffing

- The new Head Teacher took up post on 1st September 2018 and, at his first meeting of the Governing Body, indicated his key priority issues for his first year, namely to uphold the Academy's established ethos whilst at the same time driving improvements in outcomes for all pupils, closing the educational gap for disadvantaged pupils (the priority area referred to in the standards section above) and responding to the financial pressures facing the Academy.
- In connection with the improvement priority area referred to above, a new Assistant Head Teacher was appointed during the year with a specific remit regarding the progress and achievement of disadvantaged pupils. This appointment was supplemented by the establishment of 2 Pastoral Practitioner posts to mentor behaviour and support safeguarding across the Academy.
- Inevitably some staff turnover took place over the year but the Academy continued to be able to attract suitable replacements. Governors continued to support the recruitment process.
- Outcomes from teachers' performance appraisal in 2017/18 were considered by the Governing Body in the autumn term having regard to targets set for the preceding year in accordance with the Fernwood process and, in appropriate cases, salary progression was approved with effect from 1st September 2018. Targets for the new Head Teacher for 2018/19 were set and would be reviewed and reported to the Governing Body in the 2019 autumn term.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Governors' Report (continued)
For the year ended 31 August 2019

Strategic report (continued)

Achievements and performance (continued)

- A full review of the support staff establishment (with the exception of premises – for reasons reported in the building section of the review - and catering staff) was undertaken. The reason for this was to provide improved line management arrangements and a more flexible structure to support a school of 1500 pupils. This exercise was conducted as a formal process in accordance with agreed Academy policies. Appointments to the new structure were made without the need for any compulsory redundancies, effective from 1st September 2019.

Buildings

- Work commenced on the school expansion project approved in the previous year which, as will be recalled, will increase the school capacity to 1500 pupils in due course, with an increased PAN of 300 in September 2020. At the time of writing this review it remained the expectation that works would be completed by Christmas 2019.
- The Governing Body received regular progress reports throughout the year dealing with building issues, financial updates (including the use of the contingency fund) and the necessary operational adjustments that needed to be made as on-site activity increased, for example, arrangements for lunchtimes and clubs and arranging to suspend work whilst school exams took place. In considering such reports, the Governing Body was also mindful of the risk associated with earmarking £200,000 from reserves to fund the shortfall on the project.
- Arising from the robust management of the expansion project, it emerged that a number of associated site issues also required urgent attention. These issues concerned health and safety, site security, additional expansion project building works (not in the original specification for the project, but judged to be required to provide future flexibility for a larger school), additional boiler capacity and a review of all premises related matters, including staffing.
- Following full and careful consideration, the Governing Body approved additional spending of £270,000 from reserves in order that the above works may be carried out, spread over the financial years 2018/19 and 2019/20. This decision reflected the Governing Body's view that investing funds now was financially sound (noting that it would be sensible to arrange for such works whilst contractors were on site) and would bring future benefit to the Academy.

Admissions

- The Governing Body continues to operate as an Own Admissions Authority, adhering to the 2014 School Admissions Code. The Academy continues to be popular and heavily over-subscribed with 537 applications being received for its 210 places for year 7 intake in September 2019 (slightly down on the 579 applications for intake in 2018/19). The local pressure for in-catchment places remained a feature, as at the time of ranking applications, some 57 in-catchment requests could not be offered and no places could be offered to children attending a feeder school or having a sibling at the school and attending a feeder school. Admissions for 2019/20 were ranked in accordance with the Academy's approved admissions arrangements and the Code referred to above. Further internal rigour continues to be added to the process in checking applications. This applies also to in-year applications which the Trust continues to administer internally. Any in-year applications are considered by Governors prior to places being offered. Any appeals against admission decisions are processed in accordance with the 2012 School Admissions Appeals Code and the Trust contracts with Nottinghamshire County Council who provide a Clerked Appeals Service.
- The Governing Body noted that the Local Authority had consulted on proposed changes to admission arrangements for 2020/21, essentially to provide greater clarity on the definition of siblings. The Governing Body agreed that it should consult on a similar change to its arrangements in 2021/22 in accordance with the 2014 School Admissions Code referred to above.

Safeguarding/Behaviour/Exclusions

- At the commencement of his tenure of office the new Head Teacher had felt it necessary to conduct a

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Governors' Report (continued)
For the year ended 31 August 2019

Strategic report (continued)

Achievements and performance (continued)

thorough review of safeguarding practices and procedures at the school. The outcome of this exercise was the approval by the Governing Body of a new safeguarding policy and staff training. Governors also received training from the Academy designated safeguarding lead and confirmed that they had read parts 1 and 2 of revised Keeping Children Safe in Education guidance, September 2018.

- Following on from the safeguarding review, the Head Teacher also introduced a more robust approach to pupil discipline and fully explained the reasons for this revised approach to parents, most of whom were supportive of the action taken.
- Arising from the safeguarding review and the more robust approach to discipline, the Head Teacher issued 5 permanent exclusions in the year for serious issues which breached relevant school policies. The Governing Body's Pupil Discipline Committee upheld the Head's decision in all cases. One of these cases was referred to an independent review panel. The independent panel upheld the Governing Body's decision and procedures in this case. General information on these cases and also internal and fixed term exclusions are reported to the Governing Body on a termly basis.
- Previous reports had indicated that attendance rates, reported to the Governing Body on a termly basis, were regularly above national averages. This year attendance had dropped due to a small number of non-attenders and Governors were assured that actions were being put in place to respond to this situation.

Governance

- Previous Annual Reports have confirmed the strong view of the Governing Body that its status as a single converter Academy should continue and Governors have re-affirmed this position
- The Governing Body reviewed its governance arrangements following the requirements of the new Academies Financial Handbook issued in September 2018. As a result, a new scheme of delegation (including a revised Committee structure) was approved and implemented, independent external support engaged to review executive pay and arrangements made for related party transactions, management accounts and financial forecasts to be reported to the Governing Body at appropriate times of the year. The Governing Body also continues to hold 6 formal Board meetings in each year.
- The Governing Body continues to operate as a strong corporate body. Some membership turnover took place in the year and the Governing Body has been able to successfully recruit to vacancies by appointing suitably skilled and experienced persons. Indeed, it is often the case that expressions of interest to join the Governing Body exceed the number of places available
- The Governing Body continues to feel that it is well led by its Chair who maintains a good working relationship with senior leadership at the school, holds regular business meetings with the Head and makes regular visits to the school to observe teaching and behaviour. Other Governors have made visits to the Academy in the year in connection with the implementation of GDPR, maths and design day. Governor challenge in holding the Head Teacher to account is carried out in meetings and recorded in minutes. Examples of Governor impact in the year being the support staff review and Pupil Discipline Committee meetings.

Miscellaneous

- The practice of providing more information to Governors through presentations to enable them to carry out their core duties more effectively continued. During the year the following major presentations were made:

b. Going concern

After making appropriate enquiries, the board of Governors has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Governors' Report (continued)
For the year ended 31 August 2019

Strategic report (continued)

Financial review

a. Reserves policy

The academy held total reserves of £10,509,000 including £11,693,000 in fixed asset reserves.

A deficit of £1,793,000 has arisen on the General Restricted Fund. This is due to the deficit of £2,841,000 on the Local Government Pension Scheme ("LGPS") which is allocated to this fund. The LGPS liability will not crystallise immediately and, as a consequence, any following commentary with regard to the Restricted General Fund excludes the LGPS deficit.

The governors have set a reserves policy as follows:

- Maintain £300,000 in reserves in order to cover any unexpected urgent expenditure requirements
- Maintain sufficient reserves to cover the cost of replacing the academy's existing ICT equipment and buildings when they come to the end of their useful life.

The reserves policy excludes fixed asset reserves. It also excludes any deficit in respect of the pension liability. Balances as at 31 August 2019 exceeded those required to be held under the reserves policy.

b. Investment policy

The academy operates an investment policy that seeks to maximise returns, commensurate with a very low risk profile.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Governors' Report (continued)
For the year ended 31 August 2019

Strategic report (continued)

Financial review (continued)

c. Principal risks and uncertainties

Given the nature of the academy's operations and financing, the financial risks faced by the academy are limited. The academy manages such risks by ensuring an adequate level of reserves is maintained to deal with unexpected events. The academy also carefully monitors and manages cash flow through the year including working capital requirements.

A liability of £2,841,000 is shown in the academy balance sheet in respect of the local government pension scheme. The academy does not expect to have to fund the deficit other than in the normal course of making contributions to the pension fund. The risk to the academy is that if the deficit increases so too will the amount of pension contributions the academy is required to make. However this risk may be mitigated by any future proposed reform of the pension scheme. The academy maintains a three year financial plan, which considers various funding scenarios and how these can be managed and planned for. The academy's risk management policy requires the governors to assess the major risks to which the trust will be exposed and consider how the risks can be managed and mitigated.

Capital works

The academy requires large amounts of building and maintenance work, due to the buildings that house the academy being old and, in some cases, quite frail. It is difficult to assess what health and safety issues will emerge throughout the year and cost can build up. The building/maintenance work is continuous and can lead to disruption of pupils and staff. These risks are managed through the academy holding a large reserve and timing building/maintenance works to be scheduled for completion out of school hours and during the holidays where practical.

Funding

The department of education (DfE) continues to work towards a national funding formula whereby the academy is unlikely to lose more than 1.5% funding per pupil over the medium term. The introduction of additional time limited funding for teacher salaries and pensions has supported the school in mitigating financial pressures relating to increased staffing costs. The academy continues to hold a large reserve which will support the academy if funding were to decrease.

Child protection and welfare issues

This is managed through having clear child protection and health and safety policies; Adherence to statutory recruitment procedures including CRB checks; child protection training for all staff; conducting external child protection and health and safety audits and implementing any recommendations. The academy employs a dedicated child protection officer and retains the services of a strategic health and safety advisor.

Fundraising

The academy holds Wear What You Like Days to raise funds. The funds are for both internal and external projects, external fundraising has been undertaken for projects such as UNICEF. The academy also held a Coffee Morning which raised funds for Macmillan. All participation by staff, pupils and parents is completely voluntary. The academy does not work with any commercial participators.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Governors' Report (continued)
For the year ended 31 August 2019

Plans for future periods

In accordance with the aims and objectives of The Fernwood Academy Trust, the academy will continue to sharply focus on, and drive, improvements in the levels of performance of its students at all levels and will continue to ensure that all students progress to further and higher education.

The academy will continue to develop outstanding teaching and learning as identified by Ofsted" April 2012 by attracting, recruiting and developing outstanding teachers and leaders. This will be achieved by further developing the school's professional development road map.

The academy will push boundaries in relation to curriculum innovation. In particular it seeks to focus on the use of new technology to expand the areas of science, engineering, maths and computing.

The specific focus for 2019-20:


- Continue to improve outcomes for all students with a particular focus on narrowing the gap in achievement between advantaged and disadvantaged students
- Further enhance provision for, and the achievement of students who enter the school below L4 in mathematics and reading and for those students who have special educational needs and/or disabilities
- Use the funding secured from the ESFA and Local Authority to expand the existing school estate to accommodate the increase in pupil numbers in the catchment area
- Continue to develop the school curriculum in light of government changes to the National Curriculum and external examinations
- Strengthen partnership work with other schools, Bilborough College, LEAD.

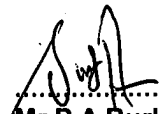
Disclosure of information to auditors

Insofar as the Governors are aware:

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

The Governors' Report, incorporating a strategic report, was approved by order of the board of Governors, as the company directors, on 4 December 2019 and signed on its behalf by:


.....
Mr P Irons
Chair of the Governing Body


.....
Mr P A Burke
Accounting Officer

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Governance Statement

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The board of Governors has formally met 6 times during the year.

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

Governor	Meetings attended	Out of a possible
Mr P Irons	0	0
Mrs E Jackson	6	6
Mrs U Afzal	4	6
Dr S Ahmad	6	6
Mr S Battlemuch	5	6
Mr M Blatchly	0	4
Mr R Burnet	6	6
Mr W Davidson	4	6
Mr S Deadman-Corsie	0	0
Mr C Gregory	2	6
Mrs R Hudlin	6	6
Mr A Hunt	5	6
Mr A Ishaque	5	6
Mr N Jackson	2	6
Mr L J Mead	6	6
Mrs K Shale	0	0
Ms A Smart-Gosrani	4	6
Mr A Young	4	6
Mr P A Burke	4	6
Mr K Beswick	2	6
Mrs R Bennett	6	6

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Governance Statement (continued)

Governance (continued)

The Finance and Audit Committee is a sub-committee of the main Board of Governors. Part of its remit is to consider all financial management, internal control and budgeting matters and advise the Governing Body on appropriate courses of actions in relation to these matters.

Attendance during the year at meetings was as follows:

Governor	Meetings attended	Out of a possible
Mr P Irons	2	3
Mr M Blatchly	3	3
Mr P A Burke	3	3
Mr S Deadman-Corsie	2	3
Mr C Gregory	3	3
Mrs R Hudlin	3	3
Mr A Hunt	3	3
Mr N Jackson	3	3

Review of value for money

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

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

- A restructure of the administrative team was undertaken in-year to effectively accommodate the academy's ongoing expansion.
- Regularly reviewing the functions of the academy and challenging how and why services are provided and setting targets and performance indicators for improvement.
- Monitoring outcomes and comparing performance with similar academies.
- Consulting appropriate stakeholders before major decisions are made; and prompting fair competition through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way.

Value for money examples:

- During the year the Trust made savings through an internal appointment to a Senior Leadership role with no further recruitment to replace the appointee's previous role.
- Since January 2013 the Trust has outsourced its finance function to SAAF Education Ltd, this is reviewed annually to ensure continued best value.

The Trust is committed to continued best value for money practice and will be reviewing the following areas in future periods:

- Ongoing review of the curriculum and its delivery
- Ongoing review of back office systems
- Ongoing review of facilities management

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Governance Statement (continued)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Fernwood Academy Trust for the year 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 Governors has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 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 Governors.

The risk and control framework

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

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

The board of Governors has considered the need for a specific internal audit function and has decided to appoint Hobsons (Chartered Accountants) as internal auditor.

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

- testing of purchase systems
- testing of payroll systems
- testing of control account/bank reconciliations
- testing capital contracts
- testing of income transactions

On an annual basis, the internal auditor reports to the board of Governors through the audit committee on the operation of the systems of control and on the discharge of the Governors' financial responsibilities.

The Board of Governors confirm that the internal auditor has delivered their schedule of work as planned.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Governance Statement (continued)

Review of effectiveness

As accounting officer, the Principal 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 auditors;
- 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 Finance and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

04/12/19

Approved by order of the members of the board of Governors on [^] and signed on their behalf by:



.....
Mr P Irons
Chair of the Governing Body



.....
Mr P A Burke
Accounting Officer

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Statement on Regularity, Propriety and Compliance

As accounting officer of The Fernwood Academy Trust I have considered my responsibility to notify the Academy board of Governors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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



Mr/P A Burke
Accounting Officer
Date: 4/12/19

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Statement of Governors' responsibilities
For the year ended 31 August 2019

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 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 Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of Governors on 4 December 2019 and signed on its behalf by:



.....
Mr P Irons
Chair of the Governing Body

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of The Fernwood Academy Trust

Opinion

We have audited the financial statements of The Fernwood Academy Trust (the 'academy') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of The Fernwood Academy Trust (continued)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of The Fernwood Academy Trust (continued)

Responsibilities of trustees

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

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

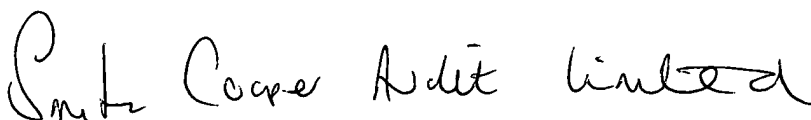
Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Sarah Flear (Senior Statutory Auditor)
for and on behalf of
Smith Cooper Audit Limited
Chartered Accountants and Statutory Auditors
2 Lace Market Square
Nottingham
NG1 1PB

4 December 2019

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

**Independent Reporting Accountant's Assurance Report on Regularity to The Fernwood Academy Trust
and the Education & Skills Funding Agency**

In accordance with the terms of our engagement letter dated 21 August 2019 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 Fernwood Academy Trust during the year 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 Fernwood Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Fernwood Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Fernwood Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Fernwood Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Fernwood Academy Trust's funding agreement with the Secretary of State for Education dated 27 March 2019 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 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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's income and expenditure.

The work undertaken to draw to our conclusion was as follows:

- Planned our assurance procedures including identifying key risks;
- Carried out a programme of substantive testing, including review of the program of work and findings in relation to internal scrutiny;
- Undertook controls testing where considered appropriate;
- Concluded on the procedures undertaken.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

**Independent Reporting Accountant's Assurance Report on Regularity to The Fernwood Academy Trust
and the Education & Skills Funding Agency (continued)**

Conclusion

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

Smith Cooper Audit Limited

Smith Cooper Audit Limited
2 Lace Market Square
Nottingham
NG1 1PB

Date:

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Statement of financial activities (incorporating income and expenditure account)
For the year ended 31 August 2019

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Income from:						
Donations and capital grants	3	-	3	1,875	1,878	180
Funding for the academy trust's educational operations	4	51	5,836	-	5,887	5,737
Other trading activities	5	232	46	-	278	257
Investments		1	-	-	1	1
Total income		284	5,885	1,875	8,044	6,175
Expenditure on:						
Raising funds		234	-	-	234	251
Academy trust educational operations	7	20	5,857	271	6,148	6,048
Total expenditure		254	5,857	271	6,382	6,299
Net income		30	28	1,604	1,662	(124)
Transfers between funds	17	-	(54)	54	-	-
Net movement in funds before other recognised gains/(losses)		30	(26)	1,658	1,662	(124)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	23	-	(511)	-	(511)	546
Net movement in funds		30	(537)	1,658	1,151	422
Reconciliation of funds:						
Total funds brought forward		579	(1,256)	10,035	9,358	8,936
Net movement in funds		30	(537)	1,658	1,151	422
Total funds carried forward		609	(1,793)	11,693	10,509	9,358

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 28 to 53 form part of these financial statements.

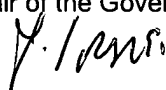
THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)
Registered number: 07597390

Balance Sheet
As at 31 August 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	12	11,693	10,011
		11,693	10,011
Current assets			
Stocks	13	1	1
Debtors	14	607	340
Cash at bank and in hand		1,437	1,259
		2,045	1,600
Creditors: amounts falling due within one year	15	(388)	(153)
		1,657	1,447
Net current assets		1,657	1,447
Total assets less current liabilities		13,350	11,458
Net assets excluding pension liability		13,350	11,458
Defined benefit pension scheme liability	23	(2,841)	(2,100)
Total net assets		10,509	9,358
Funds of the Academy			
Restricted funds:			
Restricted fixed asset funds	17	11,693	10,035
Restricted income funds	17	1,048	844
		12,741	10,879
Restricted funds excluding pension asset	17	12,741	10,879
Pension reserve	17	(2,841)	(2,100)
		9,900	8,779
Total restricted funds	17	9,900	8,779
Unrestricted income funds	17	609	579
		10,509	9,358
Total funds		10,509	9,358

The financial statements on pages 25 to 53 were approved by the Governors, and authorised for issue on 04 December 2019 and are signed on their behalf, by:

Mr P Irons
Chair of the Governing Body



THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Statement of Cash Flows
For the year ended 31 August 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Net cash provided by operating activities	19	255	154
Cash flows from investing activities	20	(77)	(90)
Change in cash and cash equivalents in the year		178	64
Cash and cash equivalents at the beginning of the year		1,259	1,195
Cash and cash equivalents at the end of the year	21	1,437	1,259

The notes on pages 28 to 53 form part of these financial statements

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

The Fernwood Academy Trust meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in Sterling which is the functional currency of the company and rounded to the nearest £1,000.

1.2 Going concern

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

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

1. Accounting policies (continued)

1.3 Income

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

• **Grants**

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

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

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

• **Donations**

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

1. Accounting policies (continued)

1.4 Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Taxation

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

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

1.7 Tangible fixed assets

Assets costing £1,000 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.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Furniture and equipment	-	20% straight line
Computer equipment	-	33% straight line

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

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

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.11 Liabilities

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

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

1. Accounting policies (continued)

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

1.13 Pensions

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

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

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

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

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

1. Accounting policies (continued)

1.14 Fund accounting

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

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

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

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

3. Income from donations and capital grants

	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
Donations	3	-	3	1
Capital Grants	-	1,875	1,875	179
	<u>3</u>	<u>1,875</u>	<u>1,878</u>	<u>180</u>
<i>Total 2018</i>	<u>1</u>	<u>179</u>	<u>180</u>	

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

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,307	5,307	5,291
Other DfE/ESFA Group grants	-	312	312	227
	<u>-</u>	<u>5,619</u>	<u>5,619</u>	<u>5,518</u>
Other government grants				
Local authority grants	-	72	72	31
Other educational funding	-	5	5	17
	<u>-</u>	<u>77</u>	<u>77</u>	<u>48</u>
Other income from the academy trust's educational operations				
School trip income	-	140	140	109
Other incoming resources	51	-	51	62
	<u>51</u>	<u>5,836</u>	<u>5,887</u>	<u>5,737</u>
<i>Total 2018</i>	<u>62</u>	<u>5,675</u>	<u>5,737</u>	

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

5. Income from other trading activities

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Catering income	200	-	200	188
Hire of facilities	32	-	32	42
Uniform sales	-	-	-	1
Staff consultancy	-	46	46	27
	<u>232</u>	<u>46</u>	<u>278</u>	<u>258</u>
<i>Total 2018</i>	<u>231</u>	<u>27</u>	<u>258</u>	

6. Expenditure

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000	Total 2018 £000
Expenditure on raising voluntary income:					
Direct costs	111	-	123	234	251
Funding for academy trust's educational operations:					
Direct costs	4,236	185	572	4,993	4,932
Allocated support costs	603	254	298	1,155	1,116
	<u>4,950</u>	<u>439</u>	<u>993</u>	<u>6,382</u>	<u>6,299</u>
<i>Total 2018</i>	<u>4,872</u>	<u>405</u>	<u>1,022</u>	<u>6,299</u>	

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

7. Analysis of expenditure by activities

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Funding for academy trust's educational operations	4,993	1,155	6,148	6,048
<i>Total 2018</i>	<u>4,932</u>	<u>1,116</u>	<u>6,048</u>	

Analysis of direct costs

	Total funds 2019 £000	Total funds 2018 £000
Teaching and educational support staff costs	4,236	4,159
Depreciation	271	288
Educational supplies	159	186
Examination fees	83	82
Staff development	12	15
Educational consultancy	29	27
Other direct costs	141	112
Technology costs	60	62
Travel and subsistence	2	1
	<u>4,993</u>	<u>4,932</u>

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2019 £000	<i>Total funds 2018 £000</i>
Support staff wages and salaries	603	595
Insurance	24	22
Technology costs	27	15
Water rates	11	7
Recruitment and support	8	26
Maintenance of premises	107	75
Cleaning	9	8
Rates	28	28
Operating lease rentals	15	15
Energy	98	102
Other support costs	158	160
Transport	35	33
Other occupancy costs	16	15
Governance costs	14	15
	<u>1,155</u>	<u>1,116</u>

During the year ended 31 August 2019, the academy incurred the following Governance costs:

	2019 £000	<i>2018 £000</i>
Audit fees	8	8
Other non-audit fees	6	7
	<u>14</u>	<u>15</u>

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

8. Net income

Net income for the year includes:

	2019	2018
	£000	£000
Operating lease rentals	15	15
Depreciation of tangible fixed assets	271	288
Fees paid to auditors for:		
- audit	8	8
- other services	6	7
	280	318

During the year there were no individual transactions exceeding £5,000 falling under the following headings:

- Ex-gratia/compensation payments
- Gifts made by the trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

9. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019	2018
	£000	£000
Wages and salaries	3,645	3,659
Social security costs	355	359
Pension costs	811	807
	4,811	4,825
Agency staff costs	139	47
	4,950	4,872

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

9. Staff costs (continued)

b. Staff numbers

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

	2019	<i>2018</i>
	No.	<i>No.</i>
Teachers	75	<i>77</i>
Administration and support	57	<i>61</i>
Management	5	<i>6</i>
	137	<i>144</i>

c. Higher paid staff

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

	2019	<i>2018</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	1	<i>1</i>
In the band £70,001 - £80,000	1	<i>1</i>
In the band £80,001 - £90,000	1	<i>-</i>
In the band £100,001 - £110,000	-	<i>1</i>

d. Key management personnel

The key management personnel of the academy trust comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £632,004 (2018 - £688,940).

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

10. Governors' remuneration and expenses

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

		2019	2018
		£000	£000
Mrs T Rees (resigned 31 August 2018)	Remuneration		100 - 105
	Pension contributions paid		15 - 20
Mr N Jackson	Remuneration	40 - 45	40 - 45
	Pension contributions paid	5 - 10	5 - 10
Mr A Young (resigned 31 August 2019)	Remuneration	40 - 45	40 - 45
	Pension contributions paid	5 - 10	5 - 10
Mr L J Mead	Remuneration	35 - 40	35 - 40
	Pension contributions paid	5 - 10	5 - 10
Mr P A Burke (appointed 1 September 2018)	Remuneration	85 - 90	
	Pension contributions paid	10 - 15	

During the year ended 31 August 2019, expenses totalling £228 were reimbursed or paid directly to 2 Governors (2018 - £36 to 1 Governor).

11. Governors' and Officers' insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000. It is not possible to quantify the Governors and officers indemnity element from the overall cost of the RPA scheme.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

12. Tangible fixed assets

	Freehold property £000	Assets under construction £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost					
At 1 September 2018	10,939	155	316	684	12,094
Additions	-	1,905	-	48	1,953
Disposals	-	-	-	(49)	(49)
At 31 August 2019	<u>10,939</u>	<u>2,060</u>	<u>316</u>	<u>683</u>	<u>13,998</u>
Depreciation					
At 1 September 2018	1,246	-	272	565	2,083
Charge for the year	184	-	23	64	271
On disposals	-	-	-	(49)	(49)
At 31 August 2019	<u>1,430</u>	<u>-</u>	<u>295</u>	<u>580</u>	<u>2,305</u>
Net book value					
At 31 August 2019	<u>9,509</u>	<u>2,060</u>	<u>21</u>	<u>103</u>	<u>11,693</u>
At 31 August 2018	<u>9,693</u>	<u>155</u>	<u>44</u>	<u>119</u>	<u>10,011</u>

Included in land and buildings is freehold land at valuation of £1,709,000 (2018 - £1,709,000), which is not depreciated.

13. Stocks

	2019 £000	2018 £000
Finished goods and goods for resale	<u>1</u>	<u>1</u>

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

14. Debtors

	2019	2018
	£000	£000
Due within one year		
Trade debtors	4	4
Other debtors	-	11
Prepayments and accrued income	381	130
VAT recoverable	222	195
	607	340
	607	340

15. Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	42	98
Other creditors	13	1
Accruals and deferred income	333	54
	388	153
	388	153

	2019	2018
	£000	£000
Deferred income		
Deferred income at 1 September 2018	31	29
Resources deferred during the year	32	31
Amounts released from previous years	(31)	(29)
	32	31
Deferred income at 31 August 2019	32	31

Deferred income relates to Rates relief and SEN grants which relate to the 2019/20 academic and financial year.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

16. Financial instruments

	2019	<i>2018</i>
	£000	<i>£000</i>
Financial assets		
Financial assets measured at fair value through income and expenditure	1,437	<i>1,259</i>
Financial assets that are debt instruments measured at amortised cost	4	<i>15</i>
	<u>1,441</u>	<u><i>1,274</i></u>
	2019	<i>2018</i>
	£000	<i>£000</i>
Financial liabilities		
Financial liabilities measured at amortised cost	(356)	<i>(122)</i>
	<u>(356)</u>	<u><i>(122)</i></u>

Financial assets measured at fair value through income and expenditure comprises cash at bank.

Financial assets that are debt instruments measured at amortised cost comprises trade debtors and other debtors excluding the VAT debtor.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and other creditors.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

17. Statement of funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds						
General Funds - all funds	579	284	(254)	-	-	609
Restricted general funds						
General Annual Grant (GAG)	844	5,307	(5,049)	(54)	-	1,048
Other DfE Group Grants	-	312	(312)	-	-	-
Other income	-	194	(194)	-	-	-
Local authority grants	-	72	(72)	-	-	-
Pension reserve	(2,100)	-	(230)	-	(511)	(2,841)
	<u>(1,256)</u>	<u>5,885</u>	<u>(5,857)</u>	<u>(54)</u>	<u>(511)</u>	<u>(1,793)</u>
Restricted fixed asset funds						
Fixed assets transferred on conversion	6,619	-	(178)	-	-	6,441
DfE Group Capital Grants	2,227	1,568	(60)	-	-	3,735
Donations	27	-	(1)	-	-	26
Capital expenditure from GAG	1,162	-	(32)	54	-	1,184
Local authority grants	-	307	-	-	-	307
	<u>10,035</u>	<u>1,875</u>	<u>(271)</u>	<u>54</u>	<u>-</u>	<u>11,693</u>
Total Restricted funds	<u>8,779</u>	<u>7,760</u>	<u>(6,128)</u>	<u>-</u>	<u>(511)</u>	<u>9,900</u>
Total funds	<u><u>9,358</u></u>	<u><u>8,044</u></u>	<u><u>(6,382)</u></u>	<u><u>-</u></u>	<u><u>(511)</u></u>	<u><u>10,509</u></u>

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

The General Annual Grant, and other DfE Group grants relate to government funding for the provision of education by the academy including Special Educational Needs projects. Other restricted income relates

**THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)**

**Notes to the Financial Statements
For the year ended 31 August 2019**

17. Statement of funds (continued)

to non-government restricted funding.

Unrestricted reserves comprise the net of income and expenditure from Music, Catering, Lettings and Uniform transactions.

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

The loss of £511,000 is an actuarial loss on the defined benefit pension scheme.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

17. Statement of funds (continued)

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

	<i>Balance at 1 September 2017 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2018 £000</i>
Unrestricted funds						
General Funds - all funds	537	293	(251)	-	-	579
Restricted general funds						
General Annual Grant (GAG)	796	5,291	(5,348)	105	-	844
Other DfE Group Grants	-	227	(227)	-	-	-
Other income	-	31	(31)	-	-	-
Local authority grants	-	154	(154)	-	-	-
Pension reserve	(2,426)	-	-	(220)	546	(2,100)
	(1,630)	5,703	(5,760)	(115)	546	(1,256)
Restricted fixed asset funds						
Fixed assets transferred on conversion	6,813	-	(194)	-	-	6,619
DfE Group Capital Grants	2,108	179	(60)	-	-	2,227
Donations	28	-	(1)	-	-	27
Capital expenditure from GAG	1,080	-	(33)	115	-	1,162
	10,029	179	(288)	115	-	10,035
Total Restricted funds	8,399	5,882	(6,048)	-	546	8,779
Total funds	8,936	6,175	(6,299)	-	546	9,358

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	11,693	11,693
Current assets	609	1,435	-	2,044
Creditors due within one year	-	(387)	-	(387)
Provisions for liabilities and charges	-	(2,841)	-	(2,841)
Total	609	(1,793)	11,693	10,509

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2018 £000</i>	<i>Restricted funds 2018 £000</i>	<i>Restricted fixed asset funds 2018 £000</i>	<i>Total funds 2018 £000</i>
Tangible fixed assets	-	-	10,011	10,011
Current assets	580	997	24	1,601
Creditors due within one year	-	(153)	-	(153)
Provisions for liabilities and charges	-	(2,100)	-	(2,100)
Total	580	(1,256)	10,035	9,359

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

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

	2019	2018
	£000	£000
Net income/(expenditure) for the year (as per Statement of Financial Activities)	1,662	(124)
Adjustments for:		
Depreciation	271	288
Capital grants from DfE and other capital income	(1,875)	(179)
Interest receivable	(1)	(1)
Defined benefit pension scheme cost less contributions payable	175	158
Defined benefit pension scheme finance cost	55	62
Decrease in stocks	-	1
Increase in debtors	(267)	(130)
Increase in creditors	235	79
Net cash provided by operating activities	255	154

20. Cash flows from investing activities

	2019	2018
	£000	£000
Dividends, interest and rents from investments	1	1
Purchase of tangible fixed assets	(1,953)	(270)
Capital grants from DfE Group	1,875	179
Net cash used in investing activities	(77)	(90)

21. Analysis of cash and cash equivalents

	2019	2018
	£000	£000
Cash in hand	1,437	1,259
Total cash and cash equivalents	1,437	1,259

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

22. Capital commitments

	2019	<i>2018</i>
	£000	<i>£000</i>
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	<u>2,573</u>	<u>-</u>

23. Pension commitments

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

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

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

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. 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 FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

23. Pension commitments (continued)

The next valuation of the TPS has been undertaken and employer contribution rates have been reassessed and will be payable from 1 September 2019 at 23.68%.

The employer's pension costs paid to TPS in the year amounted to £462,000 (2018 - £471,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £158,000 (2018 - £155,000), of which employer's contributions totalled £119,000 (2018 - £116,000) and employees' contributions totalled £ 39,000 (2018 - £39,000). The agreed contribution rates for future years are 18.3 per cent for employers and 5.5 - 12.5 per cent for employees.

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

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.70	3.80
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.85	2.65

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	21.7	22.7
Females	24.4	25.6
<i>Retiring in 20 years</i>		
Males	23.3	24.9
Females	26.2	28.0

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

23. Pension commitments (continued)

Sensitivity analysis

	2019	<i>2018</i>
	£000	<i>£000</i>
Discount rate +0.1%	5,298	<i>4,365</i>
Discount rate -0.1%	5,543	<i>4,565</i>
Mortality assumption - 1 year increase	5,627	<i>4,620</i>
Mortality assumption - 1 year decrease	5,219	<i>4,313</i>
CPI rate +0.1%	5,530	<i>4,556</i>
CPI rate -0.1%	5,310	<i>4,374</i>
	=====	<i>=====</i>

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

	At 31	<i>At 31 August</i>
	August 2019	<i>2018</i>
	£000	<i>£000</i>
Equities	1,608	<i>1,521</i>
Gilts	84	<i>66</i>
Corporate bonds	222	<i>248</i>
Property	341	<i>327</i>
Cash and other liquid assets	76	<i>43</i>
Other	247	<i>159</i>
	=====	<i>=====</i>
Total market value of assets	2,578	<i>2,364</i>
	=====	<i>=====</i>

The actual return on scheme assets was £114,000 (2018 - £140,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2019	<i>2018</i>
	£000	<i>£000</i>
Current service cost	(248)	<i>(274)</i>
Past service cost	(46)	<i>-</i>
Net interest cost	(54)	<i>(61)</i>
Administrative expenses	(1)	<i>(1)</i>
	=====	<i>=====</i>
Total amount recognised in the Statement of Financial Activities	(349)	<i>(336)</i>
	=====	<i>=====</i>

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

23. Pension commitments (continued)

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

	2019	<i>2018</i>
	£000	<i>£000</i>
At 1 September	4,464	<i>4,550</i>
Interest cost	118	<i>118</i>
Contributions by scheme participants	39	<i>39</i>
Change in financial assumptions	561	<i>(463)</i>
Estimated benefits paid net of transfers in	(57)	<i>(54)</i>
Current service cost	248	<i>274</i>
Past service costs including curtailments	46	<i>-</i>
At 31 August	5,419	<i>4,464</i>

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

	2019	<i>2018</i>
	£000	<i>£000</i>
At 1 September	2,364	<i>2,124</i>
Interest on assets	64	<i>57</i>
Return on assets less interest	50	<i>83</i>
Contributions by employer including unfunded	119	<i>116</i>
Contributions by scheme participants and other employers	39	<i>39</i>
Estimated benefits paid plus unfunded net of transfers in	(57)	<i>(54)</i>
Administration expenses	(1)	<i>(1)</i>
At 31 August	2,578	<i>2,364</i>

24. Operating lease commitments

At 31 August 2019 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Academy	<i>Academy</i>
	2019	<i>2018</i>
	£000	<i>£000</i>
Not later than 1 year	15	<i>15</i>
Later than 1 year and not later than 5 years	24	<i>40</i>
	39	<i>55</i>

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the year ended 31 August 2019

25. 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 £NIL for the debts and liabilities contracted before he/she ceases to be a member.

26. Related party transactions

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

Robin Hood Energy Limited - a not for profit energy provider in which Mr S Battlemuch (a Governor of the Academy) was a director during the year but resigned in May 2019.

Robin Hood Energy Limited is a subsidiary of the Nottingham City Council and has provided energy to the Academy totalling £20,667 (2018 - £34,508). Included within accruals is an amount of £688 (2018 - £884) in relation to the related party.

In entering into the transactions with Robin Hood Energy Limited, the Academy has complied with the requirements of the ESFA's Academies Financial Handbook.