

Company Registration Number: 07550474 (England and Wales)

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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**CHOSEN HILL SCHOOL
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mrs A Aston Mr M Edgington Miss K Hemens Ms L Hudson (appointed 23 October 2019) Prof N McLoughlin Ms L Moore Mrs N Murray Mr W Parker Mrs S Pullen (resigned 31 December 2020) Mr D Taylor
Trustees	Mrs A Aston, Chair ^{1,2,3} Mr M Edgington ^{1,4} Miss C Fishlock (resigned 1 February 2020) ³ Mrs K Harrison, Head Teacher ^{1,2,3} Miss K Hemens ^{1,3} Mr L Hudson (appointed 23 October 2019) ² Mr W McCreath (appointed 23 October 2019) ^{1,2,4} Prof N McLoughlin ² Ms L Moore ^{2,3,4} Mrs N Murray ^{1,3} Mr D Newton (appointed 23 October 2019) ² Mr W Parker ² Mrs A Pilsworth (appointed 15 December 2019) Mrs S Pullen (resigned 31 December 2020) ^{1,3} Mr D Roberts (appointed 15 September 2019) ² Mr D Taylor ^{1,2,4} ¹ Resources Committee ² Learning & Outcomes Committee ³ Community & People Committee ⁴ Audit Committee
Company registered number	07550474
Company name	Chosen Hill School
Principal and registered office	Brookfield Road Churchdown Gloucester GL3 2PL
Company secretary	K Kavanagh (resigned 29 May 2020) A Kaur-Dhaliwal (appointed 13 July 2020)
Accounting Officer	Mrs K Harrison

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**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Senior Leadership Team

Mrs K Harrison, Headteacher
Mr J Bardgett, Deputy Headteacher
Mrs S Allen, Deputy Headteacher
Mrs K Chodera, Assistant Headteacher
Mr W Witham, Assistant Headteacher
Mrs E Hanwell, Assistant Headteacher (appointed 1 September 2019)
Mrs D Wardlaw, Business Manager

Independent auditors

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
10 Temple Back
Bristol
BS1 6FL

Bankers

Yorkshire Bank plc
5 Northgate Street
Gloucester
GL1 2AH

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2020. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 19 in Gloucester. It has a pupil capacity of 1,140 and 250 in the Sixth Form and had a roll of 1,320 in the school census in October 2020 with 1,119 in Years 7 to 11 and with 201 in the Sixth Form.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The Trustees of Chosen Hill School are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Chosen Hill School.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

Members' liability

Each member of the Charitable Company undertakes to contribute to the assets of the Company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees 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 on any one claim.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

On 1 April 2011 the Trustees appointed all those Trustees that served the predecessor school to be Trustees of the newly formed Academy. These Trustees were appointed for a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re election or replacement process.

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- up to 9 Trustees who are appointed by the members
- up to 7 Parent Trustees who are elected by parents of registered pupils at the Academy
- up to 3 Staff Trustees elected by staff members
- the Headteacher

Trustees are appointed for a four-year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re appointed or re elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

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

Policies and Procedures Adopted for the Induction and Training of Trustees

The Academy has a Trustee Recruitment, Induction and Training policy available from the Clerk to the Trustees.

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees.

Organisational Structure

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 4 committees as follows;

- Resources Committee - this meets at least five times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the external auditors on internal controls and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee.
- Learning and Outcomes Committee - this meets at least four times a year to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, target setting and assessment, examinations and student outcomes.
- Community and People Committee - this meets at least three times a year to monitor, evaluate and review practice and performance in relation to admissions, staffing, communication and pastoral issues.
- Audit and Risk Committee - this has been set up during the year in line with the requirements of the academies financial handbook. This committee will review the annual report and accounts, review the audit plan, assess the effectiveness of the auditors and review and monitor the risk register.

The following decisions are reserved to the Board of Trustees: to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Trustees, to approve the Annual Strategic School Improvement Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget and a three year forecast, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Board of Trustees have devolved responsibility for day to day management of the Academy to the Headteacher and Senior Leadership Team (SLT). The SLT comprises the Headteacher, Deputy Headteachers and Assistant Headteachers and the Business Manager. The SLT implement the policies laid down by the Trustees and report back to them on performance.

The Headteacher, Business Manager and Resources Committee are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Headteacher is responsible for the appointment of staff. Trustees are part of the interview panel on all senior posts.

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

The Academy has a leadership structure which consists of the Trustees, The Senior Leadership Team and Middle Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Head Teacher is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees and the Senior Leadership Team comprise the Key Management Personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees (other than staff Trustees for their roles as members of staff) give their time freely and no Trustee received remuneration in the year.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of Key Management Personnel is reviewed annually and benchmarked against school teachers' pay and conditions recommendations.

The Trustees benchmark the remuneration of all members of staff against the school teachers' pay and conditions recommendations.

Trade union facility time

Facility time is the provision of paid or unpaid time off from an employee's normal role to undertake trade union duties and activities as a trade union representative. Under the Trade Union (Facility Time Publication Requirements) Regulations 2017, the Academy as a relevant public sector employee is now required to collect and publish, on an annual basis, a range of data in relation to their employees who are trade union representatives. In 2019-20 the Academy had 2 employees who spent less than 50% of their total time on trade union activities. The total cost of the facility time was £1,125 (0.02% of the Academy's total paybill).

Connected Organisations, including Related Party Relationships

Chosen Hill School is a member of the G15 Partnership of 12 secondary schools which link and work together to see standards of achievement rise across all G15 schools through pooling of collective expertise and championing the success of students.

Chosen Hill School has links to the Former Pupils Rugby Club and is in the process of renewing the lease to the Rugby Club for the use of some land. ESFA approval has been sought and given for this transaction. The Rugby Club have use of the playing fields and the school has use of the changing rooms based on the site of the rugby club during the school day.

There are no other related parties which either control or significantly influence the decisions and operations of Chosen Hill School.

The school has a Parent Teacher Association which raises funds for the school but is a separate entity from the School.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities, with a strong emphasis on enabling all students to achieve success whatever their starting points.

The principal object and activity of the Charitable Company is the operation of Chosen Hill School is to provide free education and care for pupils of different abilities.

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

The aims of the Academy during the year ended 31 August 2020 are summarised below:

- To continue to raise the standard of educational progress, attainment and achievement of all pupils from all starting points.
- To provide a broad and balanced curriculum, including a wide range of extra curricular activities.
- To develop students as more effective learners with a growth mindset and recognition of the benefits of metacognition.
- To develop the Academy site so that it enables students to achieve their full potential.
- To ensure that every student enjoys the same high quality education in terms of resourcing, tuition and care.
- To continue to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review, in particular responding to the challenges presented by COVID-19 and school closures March – August 2020.
- To maximise the number of students achieving in line with their targets set from their starting points, including grade 5 or above in English and Maths.
- To provide value for money for the funds expended.
- To continue to develop greater coherence, clarity and effectiveness in Academy systems.
- To comply with all appropriate statutory and curriculum requirements.
- To further develop the academy's capacity to manage change and operate with financial efficiency.
- To maintain close links with business, industry and commerce, and
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

At Chosen Hill School we aim to enable all children to achieve success in its many different forms. We intend to enable each child to realise his or her full academic, personal, social, creative and physical potential and to develop in students' positive social, moral, spiritual and cultural values. Our Academy is a community in which children, staff and parents should be part of a dynamic, happy and caring environment.

Objectives, Strategies and Activities

Key priorities for the year are contained in our school's Strategic Improvement Plan and summarised in the overview document which is available on the school Sharepoint or via the Clerk to the Governors. Improvement focuses identified for this year included:

- The continued implementation of the five year curriculum model and its review and refinement in September 2020 to ensure breadth and balance as well as enhanced personal and ethical education provision, and planning for the statutory roll out of Relationships and Sex Education from September 2020;
- To refine the school's inclusion arrangements in line with changes to funding for SEND and in response to Gloucestershire County Council's proposals regarding permanent exclusion;
- To roll out refinements to the school's assessment, reporting and recording arrangements based on ambitious FFT20 target setting and the school's focus on student learning mindsets: attitude to learning (ATL) and attitude to homework (ATH);
- To respond to the opportunities provided by digital technologies to maintain high quality teaching and learning even at times of school closure;
- To continue to embed the growth mindset & metacognition development programme, focussing on developing staff understanding of the role of metacognition in teaching and the value of metacognition to students in their learning;
- To implement Year 3 of the 'Mark, Plan, Teach' initiative to further enhance the school's focus on Quality First Teaching and removing barriers to learning for all students;
- To sustain the school's work on supporting student and staff mental health and well-being as recognised by the school's accreditation as a GHLL Mental Health Champions School in July 2018 and its role as a lead school in the NHS/GCC Mental Health Trailblazer's programme, now evolved into the Young Minds Matter programme;
- To play a key role in the continued development of the G15 City of Gloucester secondary school cluster with CHS headteacher as Chair of the group.

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

Key activities and targets were identified in the school's Strategic Improvement Plan and were influenced by the significant challenges and opportunities arising from national changes in education policy and funding, in particular the operation of the school during a period of school closure resulting from COVID-19, as well as the schools own evaluation needs and to achieve educational benefits for the current students of Chosen Hill School.

The activities included:

- Review of curriculum delivery to ensure the effectiveness of the roll out of the new curriculum model, evaluation of its impact on the curriculum offer and further planning refinement for September 2020;
- The required focus on student numeracy and literacy development to enable access for all to the public examination courses and wider curriculum offer;
- Review of staffing levels and leadership and management arrangements in the light of budgetary pressures and national pay scale changes and pay awards for teaching and support staff, to meet the financial targets of the SRMA Audit;
- Ongoing development of the school's IT infrastructure and IT strategic development in partnership with the school's new IT managed service provider, including developing staff expertise and use of IT and digital technologies in their working practices and for remote learning;
- Further development and embedding of key systemic, financial and administrative arrangements and procedures arising from the established review and evaluation cycle of all policy/protocols, practice and functions at the school;
- Continued refinement of all school systems for assessing, tracking and responding to student progress and outcomes data and its deployment in the determination of centre-assessed grades for both GCSE and A level for the summer 2020 public examination series which was cancelled owing to COVID-19;
- Continued development and reinforcement of systems, procedures and activities to promote growth mindset, student voice and participation, the House system and community ethos of the school;
- To complete the CIF bid programme and bid to secure a refurbishment of the school welfare facilities and fire safety measures. The fire safety improvements was a successful bid and will be completed over the next academic year;
- Continued development of the Sixth Form curriculum and enrichment provision to maintain increased retention and improve outcomes for students from all starting point.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the community.

STRATEGIC REPORT

Achievements and Performance

The Academy is in its ninth year of operation.

'Behaviour for learning is good. Pupils respond well in class and they approach their learning with obvious enthusiasm.'

'Pupils with additional needs are well supported and leaders work hard to ensure that they are fully integrated into the life of the school.'

'Teachers demonstrate high expectations and provide detailed feedback to pupils about their work. This enables pupils to review their learning and improve their understanding.'

'Leaders at all levels in the school have a very clear understanding of the school's strengths and areas for further development. The positive impact of the actions they have taken can be seen in the progress of current pupils.'

Ofsted, November 2018

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

The COVID-19 pandemic has had a major impact on the way the school operates and the delivery of the curriculum during this year from March onwards and into the 2020-21 academic year. Staff and pupils have risen to the challenge of using digital technologies for learning, including virtual lessons and pupils have been engaged with this new way of working. Ensuring all pupils had access to online technology was difficult and the delay in receiving lap tops for disadvantaged Year 10s promised by the DfE in March with an arrival date of June, added to those issues. The school has looked to fully exploit its existing digital platforms and extend their uses further to meet the required new ways of working, for example fully utilising Office 365 and its Teams and Sharepoint functions and use of online technology to deliver virtual open days, parent information evenings and on-line parent's evenings and is recognising the benefits these can bring whilst trying to minimise their disadvantages. Whilst there was some initial set up costs to these changes and the provision of sufficient and up to date IT hardware remains a challenge, the view in the long term is that greater use of these technologies will be beneficial to pupils, parents and staff.

Safety measures put in place to protect staff and pupils have been costly in terms of time and resources and the constantly changing nature of the guidance has presented ongoing challenges and this will continue for the academic year 2020-21.

The Academy has organised itself into year group bubbles for the delivery of the 2020-21 curriculum, to help minimise the impact of any outbreaks on pupils' education and staff well-being. Additional cleaning time has been purchased to ensure the school is cleaned more often throughout the day.

Communication with parents and staff has been, and will continue to be key in identifying any potential outbreaks and minimising their impact on pupils and staff.

The Academy has plans in place in case of a partial or total lockdown of the school, to maintain the curriculum access and progress of students' learning, particularly for examination year groups, where adjustments for students whose education has been impacted by the pandemic remains opaque.

We are aware of the impact of the pandemic on the mental health and wellbeing of both staff and pupils and are putting in place support and resources where this is needed, taking full advantage of the school's status as a Mental Health Trailblazer School.

The school continues to work to secure good or better outcomes for all students from all their different starting points, focusing on student mindsets, Quality First Teaching and the removal of barriers to learning.

The school has identified the following indicators of success against its strategic School Improvement Plan priorities:

1. The Quality of Teaching and Learning:

The maintenance of a whole staff focus on the features of Quality First Teaching and strategies to remove the barriers to learning for students facing different challenges as development in the school's continuous professional development programme, improved progress and outcomes for students in the public GCSE examinations 2020 and the significant reductions in fixed term exclusions across all year groups. Further evidence of progress in this area is evidenced in the school's target setting and assessment and reporting systems, introduced in Autumn Term 2017. The 'Go Green' focus has resulted in significant numbers of students achieving and sustaining very positive attitudes to learning and attitudes to homework scores, which is becoming established throughout the main school in each year group.

The literacy and numeracy strategies of Year 3 have been delivered across all year groups through the developed Learning Mentor programme, which has been further refined and targeted for 2020/2021 by the established whole school leads to respond to the recovery strands required by school closure.

The school has enhanced its opportunities to learn through high quality extra-curricular provision by maintenance of the existing programme and extension of the House events programme led by established school leads, suspended only during the period of school closure.

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

2. Personal Development Behaviour and Welfare:

The student support services are established and staffed providing more effective support and more effectively meeting the needs of vulnerable students and students with additional needs. There is improved harmonisation between school services to meet educational needs and social, emotional and behavioural leads through targeted project work in this area.

Targeted project work to raise standards of attendance overall and for identified groups has had significant impact with an overall greater than 1% increase in the school's attendance figure. This continues to make significant progress towards the school's ambitious targets for attendance. Attendance tracking has been impacted in 2019-20 by school closure March 2020-August 2020.

The school's careers strategy and specialist careers leadership has enabled the vast majority of students at both 16 and 18 to take their first choice next steps as evidenced by the school's positive destinations data. Students are encouraged to develop healthy living and make healthy choices, looking after their mental and emotional and wellbeing. The schools work in this area has been recognised by its accreditation as a GHLL Mental Health Champions School, reaccreditation as a Healthy School and its invitation to be a lead school in the NHS/GCC Mental Health Trailblazers' programme which has seen seven primary mental health workers based at the school. The school was visited in October 2019 by the Secretary of State for Education, Gavin Williams MP, in recognition of the school's leading work in this area.

3. Student Outcome:

Student progress and achievement outcomes from all starting points have been impacted by the cancellation of the summer 2020 public examinations and the use of centre assessed grades, however the school has seen a return to positive Progress 8 again this year with very pleasing outcomes for the Sixth form, particularly the most able students.

The school's curriculum, target setting and assessment arrangements and focus on student learning dispositions and mindset aims to ensure that students in all year groups across the curriculum make substantial and sustained progress.

4. Quality of Sixth Form Provision:

The Sixth Form has seen an improvement in both recruitment and retention figures in 2019-20. Evaluation of the roll out of the new Learning Mentor and vertical tutoring arrangements has been positive and there is an increased coherence and identity within the Sixth Form community.

Futures advice and guidance has been enhanced by dedicated staffing and is reflected in the very positive post-18 destinations data. A Curriculum Standards Lead has started working with Year 12 to ensure rapid progress and high standards following the period of school closure and the cancellation of Year 11 exams.

The Sixth Form student leadership team has been expanded and have taken increased leadership in the expanded House programme supported by dedicated staff leadership.

A full Sixth Form further development programme is in process of roll out with changes to the core provision, assessment arrangements and study arrangements. These developments have been closely monitored and evaluated across 2019-20.

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

5. The school continues to develop a 21st century school environment which is safe and fit for purpose:

The school successfully secured a substantial DfE CIF bid to replace and improve whole school fire safety measures, including fire doors and emergency lighting upgrades. This work will take place over the next academic year.

We also applied for and received emergency funding in the form of a loan to repair a broken heating boiler to the main school. This was replaced during the year 2019-20 as the funding was too late for the summer break in 2018-19.

6. During the year the Academy's charity fundraising activities raised approximately £4,000:

The school raised the bulk of this through non uniform days. Fundraising events were impacted by school closure during March 2020-August 2020.

School Public Examination Results Summer 2020

GCSE Results:

Attainment 8	47.23
% English and Maths (Grade 4+)	72%
Progress 8	Not published for 2020

A Level Results:

Value added:	Not published for 2020
A* A	26%
A* B	48%
A* E	100%

BTEC Level 3:

Distinction/Distinction*	26%
Merit to Distinction*	58%
Pass to Distinction*	100%

Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention - The amount of GAG carry forward is 0%.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2020 were 1130 with 179 in the Sixth Form. Numbers at Key Stage 3 and 4 have remained fairly consistent from previous years, despite a drop in 6th form numbers starting in September 2019 there has been an improvement in numbers for September 2020 with 117 joining in year 12. Numbers in Year 7 have also increased and we were able to take students over and above our PAN for September 2020 due to the popularity of the school.

Another key financial performance indicator is staffing costs (excluding actuarial pension adjustments) as a percentage of GAG. For 2019-20 this was 94%, compared to 96% in 2018-19.

Going Concern

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

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

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2020 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2020, the Academy received total income of £7,632,008 and incurred total expenditure of £7,758,129. The excess of expenditure over income for the year was £126,121.

Income from lettings was affected by the COVID-19 with the closure of our sports hall, with income being £12k less than budgeted. Staff were furloughed and we have brought back a very limited use from September which will affect our income for the coming year.

The academy has saved money in gas and electricity and staff agency costs due to COVID-19 and the closure of the school, although this has been offset by additional costs such as higher cleaning materials and lost income from reduced lettings and school meals.

The academy undertook a financial review during the year which resulted in some staff reductions. These were achieved mainly through natural wastage but also with some redundancies. The restructure took place as a result of budget forecasts and the high staff cost as a % of revenue and following a review by the School Resource Management Adviser. This re-structure will ensure we can invest in the IT and premises of the school and ensure we have enough reserves moving forward. The cost of the restructure was £17k this financial year with an additional £12k next year. Some of the re-structure has been postponed until early in 2020-21 year due to the COVID-19 situation and this has impacted on our costs for next year.

The Academy received Urgent Capital Support to replace a broken boiler and heating system in September 2019 as a loan of £192,323 and £49,000 was taken from the Academies reserves. We also received CIF funding totalling £399,118 for upgrades and replacement of fire doors and emergency lighting. This award was notified at the end of August 2020 so was too late to start during this financial year so this work will now take place over the summer in 2021.

At 31 August 2020 the net book value of fixed assets was £15,823,235 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 24 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Headteacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges & Remissions and Lettings, Asset Management and Insurance.

Reserves Policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

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

The Trustees of Chosen Hill School operate a reserves policy that aims to maintain an end of financial year surplus balance of approximately £150,000. As at 31 August 2020, the School held a total of £13,275,264 of which £266,911 is free reserves. In a climate of falling income and/or in cases of significant reserves, a budget which draws on contingencies may be set to support improved student outcomes.

Following our application for emergency funding for the boiler, the school had a review by a School Resource Management Advisor. One of the metrics from the benchmarking exercise was to have reserves of one months salaries which is approximately £500k. Following the restructure during this year, the academy is working towards being able to achieve reserves of that level.

The Trustees have reviewed the future plans of the Academy and have set designated reserves as follows:

- £60,000 contribution towards CIF applications to replace corroding pipework and roofs.
- £192,000 for the repayment of the CIF loan over 10 years
- £39,000 for the repayment of a CIF loan for the fire bid (terms to be agreed)

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

Investment Policy

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. During the year the Trustees changed deposit account arrangements, moving away from 30 day and 95 day accounts to a deposit account operated by CCLA whereby the interest rate is similar to the 95 day account but is available immediately. The interest received in the Financial Year 2019-20 was £2,206.

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major 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 Academy is aware of the impact that the Coronavirus pandemic is having on all its key areas of risk below. The Trustees are reviewing the risk register in light of the ongoing issues and impact of the virus.

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the ESFA. In the last year 98% of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. There is no clarity around the future funding of increased teachers pay and pension costs and this causes financial uncertainty as staff costs are the biggest single cost to the Academy.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

Staffing - the success of the Academy is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - the Academy has appointed the external auditors to carry out checks on financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

The Academy has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by Trustees and include the financial risks to the Academy. The register and plan are regularly reviewed in light of any new information and formally reviewed annually.

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Whilst the Academy is over subscribed, risks to revenue funding from a falling roll are small. The Trustees have set a surplus budget for 2020/21 and for the next three years although this will depend on the continuation of Government funding for teachers' pension and pay increases. There are local uncertainties around high needs funding for the future which may impact on the future years' estimates.

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board and Resources Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in note 24 to the financial statements, represents a significant potential liability. However, as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

FUNDRAISING

During this year fundraising activities have been difficult due to the COVID-19 pandemic. Funds raised by the PTA were used to cover costs of events that were cancelled and so little fundraising happened during the year. Pupils raised £4,000 through dress down days for charities including Young Minds and Sports Relief.

The Trustees are committed to ensuring that fundraising activities are carried out in an ethical manner. In doing so, the Academy will adhere to the Charities Commission publication 'Charity Fundraising' (CC20) and will comply with all relevant laws. Complaints will be dealt with in accordance with the Academy's usual procedures.

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

PLANS FOR FUTURE PERIODS

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community.

The Academy will aim to increase revenue from external sources by increasing the letting of facilities and also from fundraising through the PTA and other sources where possible due to COVID restrictions.

Full details of our plans for the future are given in our Academy Strategic School Improvement Plans, which is available from the Clerk to the Trustees.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The school holds funds on behalf of the Friends of Chosen Hill School. These funds are held separately, are not used by the School unless a donation is received and do not form part of the Financial Statements.

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

AUDITORS

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as company directors, on 16/12/2020 and signed on the board's behalf by:

A Aston
Chair of Trustees



**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

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

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (CONTINUED)

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 3 times during the year. The Board usually meets 4 times, however, one meeting in March was cancelled due to the Coronavirus lockdown. The Board maintains effective oversight of funds with more frequent meetings of the Resources Committee. The Chair and Vice Chair are both members of the Resources Committee and any financial concerns will be raised for the attention of the Full Governors and additional meetings convened if necessary.

A number of new Governors were elected during the year following the skills audit and a number of Governors were re-elected at the end of their terms.

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

Trustee	Meetings attended	Out of a possible
Mrs A Aston, Chair	3	3
Mr M Edgington	3	3
Miss C Fishlock	3	3
Mrs K Harrison, Head Teacher	3	3
Miss K Hemens	3	3
Mr L Hudson	1	2
Mr W McCreath	2	2
Prof N McLoughlin	3	3
Ms L Moore	3	3
Mrs N Murray	3	3
Mr D Newton	2	2
Mr W Parker	3	3
Mrs A Pilsworth	2	3
Mrs S Pullen	2	3
Mr D Roberts	2	3
Mr D Taylor	3	3

The Board of Trustees undergoes a continual process of critical self review and reflection. The committee structure from September 2016 has been: Learning and Outcomes, Resources (incorporating Finance and Premises) and Community and People. During 2020 the Governors also set up a separate Audit and Risk Committee in line with the requirements of the academies financial handbook. These committees report directly to the Board of Trustees. The 2018 OFSTED inspection noted the following on the governance arrangements of the Academy:

"Governors are well informed and provide a good balance of support and challenge"

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (CONTINUED)

GOVERNANCE (CONTINUED)

The Resources Committee is a sub committee of the main Board of Trustees. Its purpose is to monitor, evaluate and review policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports on internal controls from the external auditors and drafting the annual budget. This committee is also responsible for and has oversight of the upkeep and maintenance of the physical structure of the school. During the year they managed a restructure process and the emergency boiler replacement.

The internal audit function will be performed by the newly formed Audit and Risk Committee with effect from September 2020.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mrs A Aston, Chair	4	5
Mr M Edgington (Chair)	5	5
Mrs K Harrison, Headteacher	5	5
Mr W McCreath	4	5
Mrs N Murray	4	5
Mrs S Pullen	4	5
Mr D Taylor	4	5
Miss K Hemens, Vice Chair	2	5
Mr L Watson	0	4

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (CONTINUED)

REVIEW OF VALUE FOR MONEY

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

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

- Management and Governance arrangements have enabled regular monitoring of Chosen Hill School's finance. A three year budget projection, annual budget and regular in-year budget reviews have informed decisions to ensure that the School is making the best use of the finance resources in both the long and short term.
- A number of systems are in place to assess and manage risk in relation to the controls of finance. The presence of good systems of internal control is confirmed by external audit of systems and the finance statements.
- Chosen Hill School participates in an annual benchmarking exercise with other secondary schools to compare systems and costs in relation to several areas such as curriculum design, staffing and procurement.
- The School participates within the Gloucestershire Business Manager's forum to make comparisons with other local schools to evaluate expenditure and quality of service for goods and services.
- The School continues to review its Financial Policy and housekeeping protocols.
- The school has made use of DfE procurement initiatives when renewing contracts and following a year of major contract renewals, these are now embedding and have changed some working practices to secure savings.
- The School has completed its review of the curriculum and staffing and together with the School Resource Management Advisor, implemented a re-structure of staffing and reviewed areas of expenditure to ensure that the appropriate level of resource is available to maintain the school premises and IT infrastructure into the future.

The COVID-19 pandemic has impacted the academy and payments have been made to suppliers in line with the PPN 02 and 04/20 guides. Where-ever possible, services have continued to be paid to ensure continuity and survival of suppliers. Alternatives have been sought where services were not required in the same way, ie pitch markings on the field were substituted with other grounds work to the same value to continue the grounds maintenance contract. Services were continued as normal as much as possible for suppliers like our IT support. Payments to cleaning contractors continued as normal and apart from the period of lockdown, cleaners attended school and completed more deep cleaning of areas not being used and maintained areas used by staff and pupils of key workers, etc.

Catering was the biggest cost to the school due to the need to provide some meals for key worker pupils in school and so not all staff were furloughed. Also costs such as management fees were not covered by the sale of food as they would normally be, resulting in additional costs to the school.

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 ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Chosen Hill School for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Bishop Fleming LLP, the external auditors, to perform additional checks.

Bishop Fleming did not complete additional checks during the year 2020 as these were originally booked in to take place in-person and in light of the ESFA letter from Eileen Milner regarding the COVID-19 pandemic and in discussion with Bishop Fleming, the decision was taken to wait until the autumn for the review to take place then. Governors did undergo some risk and audit training with Bishop Fleming in order to understand the requirements of and set up the Audit and Risk Committee in line with the Academies Financial Handbook.

For 2021 the Trust will look to engage a new partner to undertake this work in line with the new standards.

The Reviewer'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 should have included:

- Review of the system for recording expenditure and making bank payments;
- Review of compliance with the MUSTs detailed in Annex C of the Academies Financial Handbook;
- Review of the process for recording and safeguarding assets;
- Review of the process for recording income and banking cash receipts;
- Review of the security surrounding the accounting system.

These checks were not undertaken during this accounting period but will be followed up early in the 2020-21 year.

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (CONTINUED)

THE RISK AND CONTROL FRAMEWORK (CONTINUED)

The Reviewer reports to the Board of Trustees through the Resources Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

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

- on discharge of the Board of Trustees financial decisions to help the committee consider actions and assess year on year progress
- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

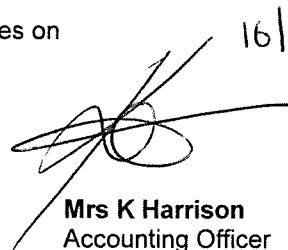
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on their behalf by:



Mrs A Aston
Chair of Trustees

16/12/2020



Mrs K Harrison
Accounting Officer

and signed on

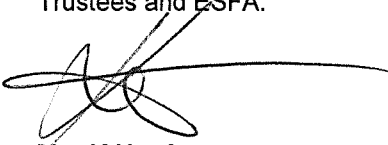
**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Mrs K Harrison
Accounting Officer

Date: 16/12/2020

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

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

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

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

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

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

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

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

Mrs A Aston
Chair of Trustees



Date: 16/12/2020

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CHOSEN HILL SCHOOL**

OPINION

We have audited the financial statements of Chosen Hill School (the 'Academy') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CHOSEN HILL SCHOOL (CONTINUED)**

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CHOSEN HILL SCHOOL (CONTINUED)**

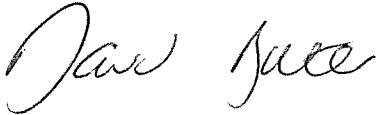
AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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.



David Butler FCA DChA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

10 Temple Back

Bristol

BS1 6FL

Date:

22 December 20

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHOSEN HILL SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 29 September 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Chosen Hill School during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Chosen Hill School and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Chosen Hill School 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 Chosen Hill School and ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF CHOSEN HILL SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of Chosen Hill School's funding agreement with the Secretary of State for Education dated 19 December 2012 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHOSEN
HILL SCHOOL 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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



David Butler FCA DChA (Reporting Accountant)

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

10 Temple Back

Bristol

BS1 6FL

Date: 22 December 20

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
INCOME FROM:						
Donations and capital grants	3	-	3,142	427,167	430,309	123,282
Charitable activities	4	119,762	7,042,658	-	7,162,420	6,900,990
Other trading activities	5	37,073	-	-	37,073	53,946
Investments	6	2,206	-	-	2,206	3,719
TOTAL INCOME		159,041	7,045,800	427,167	7,632,008	7,081,937
EXPENDITURE ON:						
Charitable activities		301,351	7,076,482	380,296	7,758,129	7,727,355
TOTAL EXPENDITURE		301,351	7,076,482	380,296	7,758,129	7,727,355
NET (EXPENDITURE)/INCOME		(142,310)	(30,682)	46,871	(126,121)	(645,418)
Transfers between funds	18	-	(215,318)	215,318	-	-
NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES)		(142,310)	(246,000)	262,189	(126,121)	(645,418)
OTHER RECOGNISED GAINS/(LOSSES):						
Actuarial gains/(losses) on defined benefit pension schemes	24	-	231,000	-	231,000	(1,171,000)
NET MOVEMENT IN FUNDS		(142,310)	(15,000)	262,189	104,879	(1,816,418)
RECONCILIATION OF FUNDS:						
Total funds brought forward		409,221	(3,199,000)	15,960,164	13,170,385	14,986,803
Net movement in funds		(142,310)	(15,000)	262,189	104,879	(1,816,418)
TOTAL FUNDS CARRIED FORWARD		266,911	(3,214,000)	16,222,353	13,275,264	13,170,385

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

The notes on pages 31 to 55 form part of these financial statements.

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:07550474**

**BALANCE SHEET
AS AT 31 AUGUST 2020**

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	13	15,823,235	15,919,309
CURRENT ASSETS			
Stocks	14	17,450	11,686
Debtors	15	587,082	189,702
Cash at bank and in hand		725,273	564,972
		<u>1,329,805</u>	<u>766,360</u>
Creditors: amounts falling due within one year	16	(490,685)	(316,284)
NET CURRENT ASSETS		839,120	450,076
TOTAL ASSETS LESS CURRENT LIABILITIES		16,662,355	16,369,385
Creditors: amounts falling due after more than one year	17	(173,091)	-
NET ASSETS EXCLUDING PENSION LIABILITY		16,489,264	16,369,385
Defined benefit pension scheme liability	24	(3,214,000)	(3,199,000)
TOTAL NET ASSETS		13,275,264	13,170,385
FUNDS OF THE ACADEMY			
Restricted funds:			
Fixed asset funds	18	16,222,353	15,960,164
Restricted funds excluding pension asset	18	16,222,353	15,960,164
Pension reserve	18	(3,214,000)	(3,199,000)
Total restricted funds	18	13,008,353	12,761,164
Unrestricted income funds	18	266,911	409,221
TOTAL FUNDS		13,275,264	13,170,385

The financial statements on pages 28 to 55 were approved and authorised for issue by the Trustees and are signed on their behalf, by:

Mrs A Aston
Chair of Trustees
Date: 16/12/2020



The notes on pages 31 to 55 form part of these financial statements.

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	2020 £	2019 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash provided by/(used in) operating activities	20	15,150	(240,708)
CASH FLOWS FROM INVESTING ACTIVITIES	21	145,151	(191,629)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		160,301	(432,337)
Cash and cash equivalents at the beginning of the year		564,972	997,309
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	22, 23	<u>725,273</u>	<u>564,972</u>

The notes on pages 31 to 55 form part of these financial statements

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Chosen Hill School meets the definition of a public benefit entity under FRS 102.

1.2 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees 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.

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

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

• **Grants**

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

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

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

• **Sponsorship income**

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

• **Donations**

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

• **Other income**

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

1.4 EXPENDITURE

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

• **Expenditure on raising funds**

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

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

1: ACCOUNTING POLICIES (continued)

1.4 EXPENDITURE (CONTINUED)

• 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 TAXATION

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

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

1.6 TANGIBLE FIXED ASSETS

Assets costing £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.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	- 50 years straight line
Plant and equipment	- 3-5 years straight line

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

1.7 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.

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.8 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.9 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 and cash on deposit that has a notice period of less than 30 days.

1.10 LIABILITIES AND PROVISIONS

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. Provisions are measured at the best estimate of the amounts required to settle the obligation.

1.11 OPERATING LEASES

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

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

1. ACCOUNTING POLICIES (continued)

1.12 PENSIONS

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

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

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

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

The Academy is a member of a multi-employer plan. Where it is not possible for the Academy to obtain sufficient information to enable it to account for the plan as a defined benefit plan, it accounts for the plan as a defined contribution plan.

1.13 AGENCY ARRANGEMENTS

The Academy acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy does not have control over the charitable application of the funds. The Academy can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at period end are disclosed in note 27.

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 Trustees.

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

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

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

The Academy obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations	3,142	-	3,142	22,556
Capital Grants	-	427,167	427,167	100,726
TOTAL 2020	3,142	427,167	430,309	123,282
TOTAL 2019	22,556	100,726	123,282	

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

4. FUNDING FOR THE ACADEMY'S EDUCATION

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
DFE/ESFA GRANTS				
General Annual Grant	-	6,245,578	6,245,578	6,248,907
Pupil Premium	-	192,116	192,116	187,863
Other DfE/EFSA grants	-	409,065	409,065	110,109
	-	6,846,759	6,846,759	6,546,879
Other Government Grants				
High Needs	-	171,185	171,185	227,825
Other government grants: non capital	-	19,613	19,613	11,448
Exceptional government funding	-	5,101	5,101	-
	-	195,899	195,899	239,273
Other Funding				
Sales to students	4,127	-	4,127	15,388
Trips and music tuition	115,635	-	115,635	99,450
	119,762	-	119,762	114,838
TOTAL 2020	119,762	7,042,658	7,162,420	6,900,990
TOTAL 2019	114,838	6,786,152	6,900,990	

The Academy has been able eligible to claim additional funding in the year from government support schemes in response to the coronavirus outbreak. The Academy furloughed some of its staff under the government's CJRS and the funding received is shown above under "Exceptional government funding".

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

5. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Lettings	25,862	25,862	28,114
Consultancy	11,211	11,211	25,016
Sale of assets	-	-	816
TOTAL 2020	<u>37,073</u>	<u>37,073</u>	<u>53,946</u>

All income in 2019 related to unrestricted funds.

6. INVESTMENT INCOME

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Bank interest	2,206	2,206	3,719
	<u>2,206</u>	<u>2,206</u>	<u>3,719</u>

All income in 2019 related to unrestricted funds.

7. EXPENDITURE

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	Total 2019 £
EDUCATION:					
Direct costs	5,321,406	329,032	454,950	6,105,388	6,254,052
Allocated support costs	812,434	445,536	394,771	1,652,741	1,473,303
TOTAL 2020	<u>6,133,840</u>	<u>774,568</u>	<u>849,721</u>	<u>7,758,129</u>	<u>7,727,355</u>
TOTAL 2019	<u>6,133,859</u>	<u>710,361</u>	<u>883,135</u>	<u>7,727,355</u>	

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	Total funds 2019 £
Education	6,105,388	1,652,741	7,758,129	7,727,355
TOTAL 2019	6,254,052	1,473,303	7,727,355	

Analysis of direct costs

	Total funds 2020 £	Total funds 2019 £
Pension finance cost	26,000	26,000
Staff costs	5,214,520	5,196,473
Depreciation	329,032	294,368
Educational supplies	159,990	258,192
Examination fees	124,487	138,404
Staff development	2,782	7,455
Other costs	141,691	136,944
Agency supply teachers	106,886	196,216
TOTAL 2020	6,105,388	6,254,052

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of support costs

	Total funds 2020 £	Total funds 2019 £
Pension finance cost	33,000	28,000
Staff costs	812,434	741,170
Depreciation	51,264	41,984
Other costs	75,700	25,679
Recruitment and support	13,328	11,363
Maintenance of premises and equipment	116,421	91,117
Cleaning	131,164	121,898
Rent and rates	40,336	41,644
Energy costs	91,430	103,639
Insurance	42,315	38,643
Security and transport	14,921	15,710
Catering	55,463	23,603
Technology costs	110,633	107,323
Office overheads	7,133	11,011
Legal and professional	56,165	69,326
Bank interest and charges	592	731
Governance	442	462
TOTAL 2020	1,652,741	1,473,303

9. NET (EXPENDITURE)/INCOME

Net (expenditure)/income for the year includes:

	2020 £	2019 £
Operating lease rentals	19,060	19,844
Depreciation of tangible fixed assets	380,296	350,103
Fees paid to auditors for:		
- audit	8,950	8,750
- other services	3,355	2,820

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

10. STAFF

a. STAFF COSTS

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	4,368,119	4,579,340
Social security costs	421,968	434,139
Pension costs	1,236,867	924,164
	<u>6,026,954</u>	<u>5,937,643</u>
Agency staff costs	106,886	196,216
	<u>6,133,840</u>	<u>6,133,859</u>
	2020 £	2019 £
Redundancy payments	17,207	-
	<u>17,207</u>	<u>-</u>

b. STAFF NUMBERS

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

	2020 No.	2019 No.
Teachers	82	92
Administration and support	71	77
Management	7	6
	<u>160</u>	<u>175</u>

The average headcount expressed as full-time equivalents was:

	2020 No.	2019 No.
Teachers	71	80
Admin and support including teaching assistants	43	47
Management	7	6
	<u>121</u>	<u>133</u>

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

10. STAFF (CONTINUED)

c. HIGHER PAID STAFF

The number of employees whose employee benefits (excluding employer's National Insurance contributions and employer pension costs) exceeded £60,000 was:

	2020 No.	2019 No.
In the band £60,001 - £70,000	4	2
In the band £90,001 - £100,000	1	1

d. KEY MANAGEMENT PERSONNEL

The key management personnel of the Academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy was £504,216 (2019 £519,238).

As staff Trustees are not remunerated in respect of their role as a Trustee, where staff Trustees do not form part of the Key Management Personnel other than in their role as Trustees, their remuneration as set out in note 11 has not been included in the total benefits received by Key Management Personnel above.

11. TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy in respect of their role as Trustees. The value of trustees' remuneration and other benefits was as follows: K Harrison: remuneration £95,000 - £100,000 (2019: £90,000 - £95,000), employer's pension contributions £20,000 - £25,000 (2019: £15,000 - £20,000); D Roberts: remuneration £25,000 - £30,000 (2019: £0 - £5,000), employer's pension contributions £5,000 - £10,000 (2019: £0 - £5,000); C Fishlock: remuneration £15,000 - £20,000 (2019: £35,000 - £40,000), employer's pension contributions £0 - £5,000 (2019: £5,000 - £10,000); D Smith: remuneration £0 - £5,000 (2019: £0 - £5,000), employer's pension contributions £0 - £5,000 (2019: £0 - £5,000); and A Pilsworth: remuneration £5,000 - £10,000 (2019: £0 - £5,000), employer's pension contributions £0 - £5,000 (2019: £0 - £5,000).

During the year, no Trustees received any benefits in kind (2019: £NIL)

During the year ended 31 August 2020, no Trustee expenses have been incurred (2019 - £NIL).

12. TRUSTEES' AND OFFICERS' INSURANCE

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

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

13. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and equipment £	Total £
COST OR VALUATION			
At 1 September 2019	18,185,838	559,734	18,745,572
Additions	3,460	280,762	284,222
At 31 August 2020	<u>18,189,298</u>	<u>840,496</u>	<u>19,029,794</u>
DEPRECIATION			
At 1 September 2019	2,352,133	474,130	2,826,263
Charge for the year	305,961	74,335	380,296
At 31 August 2020	<u>2,658,094</u>	<u>548,465</u>	<u>3,206,559</u>
NET BOOK VALUE			
At 31 August 2020	<u>15,531,204</u>	<u>292,031</u>	<u>15,823,235</u>
At 31 August 2019	<u>15,833,705</u>	<u>85,604</u>	<u>15,919,309</u>

Included in freehold property is freehold land at valuation of £2,890,428 (2019: £2,890,428) which is not depreciated.

14. STOCKS

	2020 £	2019 £
Finished goods and goods for resale	<u>17,450</u>	<u>11,686</u>

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

15. DEBTORS

	2020 £	2019 £
DUE WITHIN ONE YEAR		
Trade debtors	2,861	1,229
VAT recoverable	32,787	48,027
Other debtors	814	366
Prepayments and accrued income	550,620	140,080
	<u>587,082</u>	<u>189,702</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
ESFA loan	19,232	-
Trade creditors	27,971	87,996
Other taxation and social security	104,446	105,173
Other creditors	138,048	12,872
Accruals and deferred income	200,988	110,243
	<u>490,685</u>	<u>316,284</u>

**CHOSEN HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £	2019 £
ESFA loan	<u>173,091</u>	<u>-</u>
Included within the above are amounts falling due as follows:		
	2020 £	2019 £
BETWEEN ONE AND TWO YEARS		
ESFA loan	<u>19,232</u>	<u>-</u>
BETWEEN TWO AND FIVE YEARS		
ESFA loan	<u>76,928</u>	<u>-</u>
OVER FIVE YEARS		
ESFA loan	<u>76,931</u>	<u>-</u>

During the year, the Academy received emergency funding in the form of a loan from the ESFA in order to repair a broken boiler to the main school. The loan of £192,323 is repayable in monthly instalments over 10 years with an applicable annual interest rate of 2.29%.

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18. STATEMENT OF FUNDS

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
UNRESTRICTED FUNDS						
General Funds	409,221	159,041	(301,351)	-	-	266,911
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	6,245,578	(6,030,260)	(215,318)	-	-
Pupil Premium	-	192,116	(192,116)	-	-	-
Other DfE/ESFA	-	409,065	(409,065)	-	-	-
High needs	-	171,185	(171,185)	-	-	-
Other local authority grants	-	24,714	(24,714)	-	-	-
Donations	-	3,142	(3,142)	-	-	-
Pension reserve	(3,199,000)	-	(246,000)	-	231,000	(3,214,000)
	<u>(3,199,000)</u>	<u>7,045,800</u>	<u>(7,076,482)</u>	<u>(215,318)</u>	<u>231,000</u>	<u>(3,214,000)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	12,684,267	-	(216,990)	-	-	12,467,277
Fixed assets purchased from GAG and other restricted funds	3,275,897	427,167	(163,306)	215,318	-	3,755,076
	<u>15,960,164</u>	<u>427,167</u>	<u>(380,296)</u>	<u>215,318</u>	<u>-</u>	<u>16,222,353</u>
TOTAL RESTRICTED FUNDS	<u>12,761,164</u>	<u>7,472,967</u>	<u>(7,456,778)</u>	<u>-</u>	<u>231,000</u>	<u>13,008,353</u>
TOTAL FUNDS	<u><u>13,170,385</u></u>	<u><u>7,632,008</u></u>	<u><u>(7,758,129)</u></u>	<u><u>-</u></u>	<u><u>231,000</u></u>	<u><u>13,275,264</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (CONTINUED)

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

Restricted Funds

Donations represent income received for a specific purpose.

General Annual Grant (GAG) represents funding received from the Education & Skills Funding Agency (ESFA) which is to be used for the normal running costs of the Academy, including education and support costs.

Pupil Premium funding represents funding received from the ESFA for children that qualify for free school meals to enable the Academy to address the current underlying socio-economic inequalities.

Other ESFA includes reimbursement of rates, funding received in respect of Year 7 catch up and additional funding to help with the increase in Teachers' pay and pension contributions during the year.

High Needs funding is received from the Local Authority to fund further support for students with additional needs.

Other local authority grants includes Pupil Premium received from the local authority.

Educational visits includes funds received from parents. These funds have been reclassified to unrestricted funds in the year.

Donations represent income received for a specific purpose, including voluntary contributions received for school trips.

Pension reserve represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy. The Academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

Fixed Asset Funds

Fixed Assets transferred on conversion represent the buildings and equipment donated to the school from the Local Authority on conversion to an Academy.

Fixed assets purchased from GAG represents amounts spent on fixed assets from GAG funding received from the ESFA.

Fixed assets purchased from other restricted funds represents CIF funding received from the ESFA to support capital projects undertaken by the Academy, devolved formula capital grants from the ESFA for purchase of fixed assets and other restricted funds used for the purchase of fixed assets. During the year, the Academy received £399,118 as a result of a successful CIF bid from the ESFA in order to replace and improve the school fire safety measures. This work will take place in the 2020/21 academic year.

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

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18. STATEMENT OF FUNDS (CONTINUED)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
UNRESTRICTED FUNDS						
General Funds	537,471	172,503	(300,753)	-	-	409,221
RESTRICTED FUNDS						
General Annual Grant (GAG)	151,283	6,248,907	(6,400,190)	-	-	-
Pupil Premium	-	187,863	(187,863)	-	-	-
Other DfE/ESFA	-	110,109	(110,109)	-	-	-
High needs	-	227,825	(227,825)	-	-	-
Other local authority grants	-	11,448	(11,448)	-	-	-
Donations	-	22,556	(5,815)	(16,741)	-	-
Pension reserve	(1,881,000)	-	(147,000)	-	(1,171,000)	(3,199,000)
	<u>(1,729,717)</u>	<u>6,808,708</u>	<u>(7,090,250)</u>	<u>(16,741)</u>	<u>(1,171,000)</u>	<u>(3,199,000)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	12,901,257	-	(216,990)	-	-	12,684,267
Fixed assets purchased from GAG and other restricted funds	3,277,792	100,726	(119,362)	16,741	-	3,275,897
	<u>16,179,049</u>	<u>100,726</u>	<u>(336,352)</u>	<u>16,741</u>	<u>-</u>	<u>15,960,164</u>
TOTAL RESTRICTED FUNDS	<u>14,449,332</u>	<u>6,909,434</u>	<u>(7,426,602)</u>	<u>-</u>	<u>(1,171,000)</u>	<u>12,761,164</u>
TOTAL FUNDS	<u><u>14,986,803</u></u>	<u><u>7,081,937</u></u>	<u><u>(7,727,355)</u></u>	<u><u>-</u></u>	<u><u>(1,171,000)</u></u>	<u><u>13,170,385</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT PERIOD

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	15,823,235	15,823,235
Current assets	266,911	663,776	399,118	1,329,805
Creditors due within one year	-	(490,685)	-	(490,685)
Creditors due in more than one year	-	(173,091)	-	(173,091)
Provisions for liabilities and charges	-	(3,214,000)	-	(3,214,000)
TOTAL	<u>266,911</u>	<u>(3,214,000)</u>	<u>16,222,353</u>	<u>13,275,264</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR PERIOD

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	15,919,309	15,919,309
Current assets	409,221	316,284	40,855	766,360
Creditors due within one year	-	(316,284)	-	(316,284)
Provisions for liabilities and charges	-	(3,199,000)	-	(3,199,000)
TOTAL	<u>409,221</u>	<u>(3,199,000)</u>	<u>15,960,164</u>	<u>13,170,385</u>

**CHOSEN HILL SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
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20. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £	2019 £
Net expenditure for the period (as per Statement of Financial Activities)	(126,121)	(645,418)
ADJUSTMENTS FOR:		
Depreciation	380,296	336,353
Capital grants from DfE and other capital income	(427,167)	(100,726)
Interest receivable	(2,206)	(3,719)
Defined benefit pension scheme cost less contributions payable	187,000	93,000
Defined benefit pension scheme finance cost	59,000	54,000
(Increase)/decrease in stocks	(5,764)	14,441
(Increase)/decrease in debtors	(397,380)	214,739
Increase/(decrease) in creditors	347,492	(203,378)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	15,150	(240,708)

21. CASH FLOWS FROM INVESTING ACTIVITIES

	2020 £	2019 £
Dividends, interest and rents from investments	2,206	3,719
Purchase of tangible fixed assets	(284,222)	(296,074)
Capital grants from DfE Group	427,167	100,726
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	145,151	(191,629)

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash at bank and in hand	725,273	564,972
TOTAL CASH AND CASH EQUIVALENTS	725,273	564,972

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

23. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 September 2019 £	Cash flows £	Other non- cash changes £	At 31 August 2020 £
Cash at bank and in hand	564,972	160,301	-	725,273
ESFA loan (due within 1 year)	-	-	(19,232)	(19,232)
ESFA loan (due after 1 year)	-	-	(173,091)	(173,091)
	<u>564,972</u>	<u>160,301</u>	<u>(192,323)</u>	<u>532,950</u>

24. PENSION COMMITMENTS

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

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

Contributions amounting to £119,370 were payable to the schemes at 31 August 2020 (2019 - £ -) and are included within creditors.

TEACHERS' PENSION SCHEME

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

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

24. PENSION COMMITMENTS (CONTINUED)

VALUATION OF THE TEACHERS' PENSION SCHEME

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

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

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

The employer's pension costs paid to TPS in the year amounted to £785,000 (2019 - £568,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

LOCAL GOVERNMENT PENSION SCHEME

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £315,000 (2019 - £315,000), of which employer's contributions totalled £263,000 (2019 - £262,000) and employees' contributions totalled £ 52,000 (2019 - £53,000). The agreed contribution rates for future years are 30.4 per cent for employers and 5.5 to 12.5 per cent for employees.

As described in note the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

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

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24. PENSION COMMITMENTS (CONTINUED)

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	2.6	2.6
Rate of increase for pensions in payment / inflation	2.3	2.3
Discount rate for scheme liabilities	1.7	1.8

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

	2020	2019
	Years	Years
<i>Retiring today:</i>		
Males	21.7	21.5
Females	23.9	23.7
<i>Retiring in 20 years:</i>		
Males	22.4	22.3
Females	25.3	25.0

Sensitivity analysis

	2020	2019
	£000	£000
Discount rate -0.5%	805	857
CPI rate +0.5%	739	768

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

	2020	2019
	£	£
Equities	2,890,000	2,641,400
Corporate bonds	1,007,000	1,004,800
Property	350,000	321,500
Cash and other liquid assets	131,000	80,300
Total market value of assets	4,378,000	4,048,000

The actual return on scheme assets was £92,000 (2019 - £261,000).

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24. PENSION COMMITMENTS (CONTINUED)

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

	2020 £	2019 £
Current service cost	(450,000)	(346,000)
Past service cost	-	(9,000)
Interest income	75,000	102,000
Interest cost	(134,000)	(156,000)
Total	(509,000)	(409,000)

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

	2020 £	2019 £
At 1 September	7,218,000	5,423,000
Current service cost	450,000	346,000
Interest cost	134,000	156,000
Employee contributions	52,000	53,000
Actuarial losses/(gains)	(201,000)	1,306,000
Benefits paid	(61,000)	(75,000)
Past service costs	-	9,000
At 31 August	7,592,000	7,218,000

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

	2020 £	2019 £
At 1 September	4,019,000	3,542,000
Interest income	75,000	102,000
Actuarial gains	30,000	135,000
Employer contributions	263,000	262,000
Employer contributions	52,000	53,000
Benefits paid	(61,000)	(75,000)
At 31 August	4,378,000	4,019,000

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**NOTES TO THE FINANCIAL STATEMENTS
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25. OPERATING LEASE COMMITMENTS

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

	2020 £	2019 £
Not later than 1 year	10,242	19,060
Later than 1 year and not later than 5 years	10,244	20,486
	<u>20,486</u>	<u>39,546</u>

26. MEMBERS' LIABILITY

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

27. RELATED PARTY TRANSACTIONS

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

28. AGENCY ARRANGEMENTS

The Academy distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2020 the Academy received £14,004 and disbursed £10,431 from the fund. An amount of £16,399 is included in other creditors relating to undistributed funds.