
PARMITER'S SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

PARMITER'S SCHOOL
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mrs J Glossop Mr M F H Hammond Mrs M Kingston Mr A Mehmet Mr C Partridge, Chairman of the Academy Trust Mr K Robertson Mr M Weisman
Governors	Dr R Booth Miss N Davison (resigned 31 May 2020) Mrs C Farrelly Ms A Heathcote ¹ Mr J F Hubbard ² Mr M W H Jones, Headmaster and Principal Accounting Officer Mr A Mehmet, Chairman of Trustees ¹ Mr S Namdarkhan Mr A D O'Brien ^{1,2} Mrs J Occleshaw (appointed 1 February 2020) Mr C Partridge ^{1,2} Mr L J Pilgrim Mr K Robertson ^{1,2} Mr M Smith (resigned 31 January 2020) Mr G Wilson ¹ Finance & Resources Committee ² Audit Committee
Company registered number	07662765
Company name	Parmiter's School
Principal and registered office	High Elms Lane Garston Watford WD25 0UU
Senior leadership team	Mrs E Berks Mrs H Clark Mr A Baker (from April 2020) Mr A Redmond Mrs J Stevens Mr T Henson Mr M W H Jones Mr B Hughes Mrs G Absalom Mrs J Johnstone

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

Independent auditor Hillier Hopkins LLP
Chartered Accountants
Statutory Auditor
Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Bankers Barclays
62/64 High Street
Watford
Herts
WD17 2BT

PARMITER'S SCHOOL
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Governors of Parmiter's School Academy Trust (the "Academy Trust") present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Governors' report and a directors' report under company law.

The Academy Trust operates an academy for pupils aged 11 to 19 in Garston near Watford. It has a pupil capacity of 1438 and had a roll of 1,438 in the school census on 25th October 2019. Parmiter's School agreed to take an additional 20 students per year starting in September 2011 until September 2016. As of the census on 14th October 2015 we had taken an additional 80 pupils. In September 2017 the 6th form increased by 13 and an additional 24 in September 2018. The 6th form is due to decrease by 18 in September 2019, totaling 394 6th form students. As of the census date in October 2019 the Sixth form totaled 394 students.

Structure, governance and management

a. Constitution

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

The Charitable Company's Memorandum and Articles of Association the primary governing document of the Academy Trust.

The Governors of Parmiter's School are mostly Directors of the Charitable Company for the purposes of company law.

The charitable company is known as Parmiter's School.

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

b. Members' liability

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

c. Trustees' indemnities

Since the incorporation of the Charitable Company on 8 June 2011, the Members and Governors have been indemnified in respect of their legal liability for financial loss arising as a result of negligent act, accidental error or omission in the course of their official duties. As explained in Note 12 to the Financial Statements the limit of this indemnity is £5,000,000.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Governors

The Members of the Academy Trust shall comprise:

- a. The signatories to the Memorandum, one of whom is the Chairman of the Governors of the Academy Trust and two others.
- b. Up to 10 persons who may be appointed by the Members;
- c. 1 person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose;
- d. Any person appointed under Article 16 (of the Memorandum and Articles) which reads: "The Members may agree unanimously in writing to appoint such additional Members as they think fit and may unanimously (save that the agreement of the Member(s) to be removed shall not be required) in writing agree to remove any such additional Members."

e. Policies adopted for the induction and training of Governors

The training and induction provided for new Members or Governors/Directors will depend on their existing experience. Where necessary, induction will provide training in charity and educational legal and financial matters. All Members and Governors/Directors are provided with the information needed (including policies, minutes, budgets etc.) to undertake their role and are made aware of external training opportunities by the Link Governor (Training). The Academy Trust also buys into the Governor Training Scheme run by the Local Authority and tailored training packages from CSTUK (Confederation of Schools Trust UK).

f. Organisational structure

Academy Trust Members have overall responsibility for the Board of Governors/Directors and its committees. The Board of Governors/Directors comprises those persons appointed under the Articles of Association. The Board meets at least four times a year and has several committees, including a Finance & Resources Committee, an Audit & Risk Committee, a Standards & Curriculum Committee, a Community Committee and an Admissions Committee. All of these Committees are formally constituted with terms of reference and comprise appropriately qualified and experienced members. The Board of Governors/Directors delegates specific responsibilities to its Committees, the activities of which are reported to and discussed at full Board Meetings. Day to day management of the Academy is undertaken by the Headmaster, supported by the Senior Leadership Team.

g. Risk management

The Governors/Directors have assessed the major risks to which the Academy is exposed, in particular those relating to academic performance, financial sustainability and performance, health and safety, student and staff welfare, admissions, recruitment, school trips and events, and community access. They have implemented a number of systems to assess risks that the Academy faces, and have developed policies and procedures to mitigate those risks. Where significant financial risk still remains they have ensured they have adequate insurance cover.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

h. Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	2
Full-time equivalent employee number	2

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	2
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time	£
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Total cost of facility time	-
Total pay bill	7,386,160
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100 %
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Objectives and activities

a. Objects and aims

The ethos of Parmiter's School is epitomised by the school motto - "Nemo sibi nascitur" (No one is born unto himself alone). As members of the Parmiter's family we are committed to serving each other and our wider community in the way Thomas Parmiter, our founder, intended.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

b. Objectives, strategies and activities

Parmiter's School is committed to:

- the pursuit of excellence in all that we do;
- providing a broad education designed to enable every young person to achieve their full potential and make the most of their talents;
- creating a healthy, happy, disciplined and supportive environment which promotes an independent work ethic and a love of learning;
- engendering respect for individuality and difference so that all will feel secure and equally valued;
- nurturing a sense of social responsibility and spiritual and personal development;
- fostering integrity, confidence, resilience, creativity, good manners and sensitivity to the needs of others.

Our primary aim is for each Parmiterian to be self-assured and caring, an active and well-rounded citizen with integrity, who respects others and contributes to society. Our detailed objectives and activities are outlined in our three-year strategic improvement plan.

c. Public benefit

In setting objectives and planning for activities, the Governors have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

Parmiter's School Academy Trust is a charitable trust which seeks to benefit the public through the pursuit of its stated aims and objectives (see above). The Members and Governors/Directors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

d. Achievements and performance

Our academic results remained high against a backdrop of curriculum and assessment changes:

- o At GCSE, 94% of Year 11 achieved passes at 4+ and 85% achieved 5 or more passes including Maths and English. At A level, our Upper Sixth Formers achieved an average points score per subject entry of 43 (converted to new tariff, equivalent to B+) with 83% of all entries at A*-B. These were strong results achieved by talented and committed students taught and supported by our hardworking and professional staff. It should be noted that the process of calculated grades for this academic year replaced the public examinations which were unable to take place due to the enforced school closure (Covid19).

Other key achievements and activities in the 2019/20 academic year have included:

- o Numerous trips and visits at home and abroad (during the winter term) to enhance the curriculum and student experience.
- o Preparation for an application for the Artsmark award.
- o Safe completion of Duke of Edinburgh awards schemes despite lockdown and school closure
- o Completion of a new boiler system installation in three buildings.
- o Commencement of the new Science Block project, due for completion in September 2021.
- o Management of the global pandemic in school including
 - dealing with an enforced school closure during lockdown
 - providing remote education for all students
 - providing education in school for children of key workers and vulnerable families
 - Completion of Centre Assessed Grades for all students who would have undergone public examinations
 - Preparing and implementing a whole school return

Strategic report

a. Key performance indicators

No key financial performance indicators have been set by the Board of Governors/Directors, beyond the requirement that the financial position should remain sufficient to fund future needs. The principal performance measures are non-financial; they are largely educational and pastoral.

b. Going concern

The Board of Governors/Directors has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the immediate future following a recovery plan that was approved and actioned in 2018/19 for implementation from September 2019. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Parmiter's School has strived to make efficiencies year on year for the last 5 years, like most schools, it is facing a deficit position and we will continue to struggle to set balanced budgets in the coming years. A detailed recovery plan has been approved and implemented which has caused some cuts across the school, including reducing sixth form contact time and a reduced curriculum.

Financial review

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

a. Reserves policy

Under its Funding Agreement with the Secretary of State for Education, Parmiter's School is no longer subject to a restriction regarding the amount of General Annual Grant (GAG) that can be carried forward.

The reserves policy divides reserve into restricted and unrestricted reserves. Restricted reserves are held for specific purposes, and unrestricted reserves are held to deal with unexpected events and emergencies. The approximate value of the unrestricted reserves should be sufficient to cover one month's running costs of the Academy Trust, but due to diminishing sixth form funding and rising salary costs this is no longer possible.

Due to tighter income and expenditure restraints the reserves are now depleted. Parmiter's School has put into place extra controls to ensure that the school does not slip into a declining deficit, however, with aging buildings and tighter cash flow, this is continuing to be difficult. The controls on department budgets and purchasing are tighter to fit the new budget figures. Daily and weekly cash flow is monitored and monthly management accounts to ensure spending patterns are kept on target.

In common with other Academies and Local Authorities our share of the LGPS fund is in deficit. This amounted to £2,678,000 at 31 August 2020. This is a significant increase from last year's £2,134,000.

b. Investment policy

There are no investments held beyond cash and fixed term deposits retained with the major UK clearing banks. Speculative investments are not permitted.

c. Principal risks and uncertainties

Most of the Academy's income is obtained from the DfE (via the Education and Skills Funding Agency) in the form of its General Annual Grant (GAG), the use of which is restricted to particular purposes. The General Annual Grant received from the DfE during the period ended 31 August 2020 and the associated expenditure are shown as restricted funds in the statement of financial activities.

At 31 August 2020 the net book value of fixed assets was £2,939,006 and details 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 held fund balances at 31 August 2020 of £3,574,624 comprising £6,512,137 of fixed asset fund and (£2,678,000) pension deficit. This element of funds is not therefore available for future spending. Restricted funds are in deficit of £259,513. In common with other Academies and Local Authorities our share of the LGPS fund is in deficit. This amounted to £2,678,000 at 31 August 2020 which has increased by £544,000 in one year.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

d. Financial risk management objectives and policies

The Academy Trust keeps spendable reserves under constant review to ensure that it has sufficient income to run the Academy on an efficient basis without affecting the quality of teaching and learning.

There are a number of risks and uncertainties that can impact the performance of the Academy, many of which are beyond the control of the Academy Trust. These trends and risks are a focus of the annual Governance planning meeting and Senior Leadership Team meetings throughout the year. Currently the principal risks and uncertainties are considered to be as follows:

Financial: Since 2014/15 and through to 2016/17 increases in employers Teachers' Pension and National Insurance contributions along with standstill budgets and decreased Sixth Form budgets has impacted the budget and any reserves. A material decrease in income would adversely affect provision. This was mitigated by raising the published admissions number (PAN) from 186 to 206 and again to 208 in 2015/16 and improving recruitment to the Sixth Form. Parmiter's School remains one of the most oversubscribed schools in Hertfordshire in spite of recent changes to the admissions process and is unlikely to be affected by falling rolls since Watford and district is an area of demographic growth. However, with further increases in employers Teachers' Pension contributions in September 2019, future budget planning is becoming increasingly more difficult.

With finances growing ever tighter the finance policy for the school has been reviewed to include a more up to date and comprehensive purchasing procedure for all departments to adhere to.

In 2016/17 the employer's contributions for support and teaching staff pensions increased further which has put further strain on the school's finances.

In 2017/18 the school was showing a cash deficit position due to the ever increasing pressures on spend and funding increases not matching the expenditure.

In 2018/19 the GAG income was actually less than in 2017/18 although the student numbers had increased. This had further impacted the cash position becoming increasingly more difficult to balance.

In 2019/20 the Employers contributions for Teachers' Pensions will increase by a further 7.12% which will impact the staffing budget by a further £255,000.

It was necessary to produce a financial recovery plan in 2018/19 in order to address the short falls in funding and make cuts across the expenditure budget. This recovery plan was approved by the ESFA and implementation began in school by September 2019.

Reputational: the continuing success of the Academy depends on maintaining the Academy's distinctive ethos and maintaining the highest educational standards. To mitigate this risk, the Members, keep the ethos and aims of the Academy under constant review to ensure that student achievement is closely monitored and reviewed.

Staff retention and recruitment: possibly the single biggest risk to the school would be the failure to retain key staff or recruit high quality staff when vacancies occur, particularly in leadership posts and increasingly in most subject areas since supply is not keeping pace with demand. Academic success (see above) depends on the input of high quality staff. Our commitment to continuing professional development and initial teacher training, now bolstered by our involvement as a strategic partner in the Herts & Bucks Teaching School Alliance, helps the Academy to mitigate this risk.

Safeguarding and child protection: The Governors/Directors continue to ensure that the highest standards are maintained in the areas of selection, monitoring and training of staff, the operation of child protection policies and procedures, health and safety, and discipline.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Failures in governance and/or management: the risk in this area arises from the potential failure to manage effectively the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns etc. The Governors/Directors continue to review their own effectiveness across all their areas of responsibility and ensure that, through training and monitoring using internal and external agents, these risks are mitigated. This is to be mitigated further with the introduction of the School Resource Management Self-Assessment tool available to academies in the Autumn term 2019.

Accommodation: As mentioned in previous years many of our original buildings have now outlived their intended lifespan and are becoming very costly to maintain. Without significant capital investment, the risk of having to shut down buildings where heating systems have failed and roofs are leaking etc. is rising all the time. The Governors/Directors have managed to secure funding for the replacement of the Science Block and heating systems in three buildings across the school. Some funds towards the replacement of the alarm system were secured late in the year. The Governors/Directors will continue to apply for capital funding to address Fire/Health & Safety risks and drainage problems that are now becoming urgent, in the next round of Condition Improvement Fund (CIF).

e. Pay policy for key management personnel

Key Management personnel are subject to professional development appraisals annually; if they are successful they will be awarded one point on their scale per year. Each Key Management Personnel has 5-7 points in their pay range, once they reach the top of their pay range they will only be subject to the percentage cost of living increase. All staff received a 1% to 2% cost of living pay increase despite professional development reviews, funding pressures or changes in 2019/20.

Fundraising

A number of sixth form students run a Young Enterprise scheme to raise funds for designated charities every year. Parmiter's School does not engage in professional or commercial fundraisers. Parmiter's School was not subject to any undertaking or voluntary standard in respect of fundraising activities. Parmiter's School monitored the fund raising by means of receiving the income into the finance office and making payments to certified charities as designated by the student body. No complaints were received regarding fundraising activities. Students of Parmiter's School are supervised when raising funds for charitable purposes. Plans for fundraising towards the New Science Block were interrupted due to the enforced school closure.

Plans for future periods

The principal task facing the school is to maintain the excellent educational standards achieved by the school. The vision is to create classrooms, staff and student spaces (including break and lunch times) to be safe and inspirational places to learn, teach and play. More specifically, over the coming years, the school plans to continue with a rolling programme of building and site maintenance which will include upgrading the underground drainage and seeking funding to repair or replace existing leaking flat roofs. We also plan to make the school more energy efficient, upgrade the toilets, general refurbishment and redecoration. Much of this development is to be funded via grants that the school is eligible to apply for.

Funds held as custodian on behalf of others

During the year to 31 August 2020 Parmiter's School did not hold any funds as a Custodian Trustee on behalf of any other charitable organisation.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Disclosure of information to auditor

Insofar as the Governors are aware:

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

The Governors' report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 28 January 2021 and signed on its behalf by:



.....
Mr C Partridge
Chairman of Academy Trust

PARMITER'S SCHOOL
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GOVERNANCE STATEMENT

Scope of responsibility

As Committee, we acknowledge we have overall responsibility for ensuring that Parmiter's 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 Committee, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

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

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GOVERNANCE STATEMENT (CONTINUED)

Governance

The information on governance included here supplements that described in the Governors' report and in the statement of governors' responsibilities. The board of Committee has formally met 5 times during the year.

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

Governor	Meetings attended	Out of a possible
Dr R Booth	2	5
Miss N Davison	2	5
Mrs C Farrelly	5	5
Ms A Heathcote	4	5
Mr J F Hubbard	5	5
Mr M W H Jones, Headmaster and Principal	5	5
Accounting Officer		
Mr A Mehmet, Chairman of Trustees	5	5
Mr S Namdarkhan	1	5
Mr A D O'Brien	5	5
Mrs J Occleshaw	3	5
Mr C Partridge	5	5
Mr L J Pilgrim	5	5
Mr K Robertson	4	5
Mr M Smith	2	5
Mr G Wilson	5	5

Parmiter's Academy Trustees hold fewer than six full board meetings a year, as there are three committees holding at least four meetings each as well as the Audit and Risk committee that meets at least four times a year. Information at these meetings is comprehensive and presented thoroughly. If any situations arise between meetings, extra extraordinary meetings are scheduled.

During the academic year, the Trustees held 'virtual' meetings in place of face to face meetings which were prohibited during the Covid19 pandemic.

The Trustees are aware that the Covid19 pandemic and the enforced school closure will have had a significant effect on the finances of the school during the academic year 2020/21 and this is likely to continue to impact into the following year. The significance of the loss of income from lettings and catering added to the additional expenditure necessary to deal with the pandemic in school cannot be ignored.

During the course of the year, the Trustees were actively engaged in recruiting four Associate Governors with a view to succession planning and developing the skills for the current academy requirements.

Members and Governors have previously undertaken training on Effective Governance. All Governors attend various training courses and attend an annual training day. The Trustees are planning to hold a day long training session in 2021 which will include an audit of skills. An annual meeting of the Chairmen from each sub-committee, the Chairman of Governors and the Chairman of the Trust is held to consider the skill set represented on each sub-committee and adjust the membership accordingly. The Chairman of Governors and the Chairman of the Trust are part of a collaboration of Chairs of local, similar schools to discuss and enhance best practice.

The Finance & Resources Committee is a sub-committee of the main Board. Its purpose is to assist and support the Board, ensuring sound oversight is exercised over the management of the Academy's finances and resources.

Attendance during the year at meetings was as follows:

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Governor	Meetings attended	Out of a possible
Mr C Partridge, Chairman of the Finance & Resources Committee	6	6
Mr K Robertson	4	6
Mr A Mehmet	6	6
Mrs A Heathcote	3	6
Mr A O'Brien (ex officio)	6	6

The Audit & Risk Committee is also a sub-committee of the main board of Committee.

Attendance during the year at meetings was as follows:

Governor	Meetings attended	Out of a possible
Mr K Robertson, Chairman of The Audit Committee	4	4
Mr C Partridge	4	4
Mr J F Hubbard	4	4
Mr P Windmill (Non-Governor, advisor to Governors)	4	4
Mrs J Johnstone (in attendance)	4	4
Mrs J Carroll (in attendance)	4	4
Mr A Mehmet (in attendance)	1	4

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

The Principal 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 where value for money can be improved, including the use of benchmarking data where appropriate. The Principal Accounting Officer for the Academy has delivered improved value for money during the year by:

Parmiter's School Academy Trust is committed to achieving Best Value in all decisions made. We strive to ensure that the school is using its resources effectively to meet the needs of students. We use the principles of Best Value as they apply to securing continuous improvement in this school and:

- Regularly review the functions for the school, challenging how and why services are provided and setting targets and performance indicators for improvement;
- Monitor outcomes and compare performance with similar schools and within the school;
- Consult appropriate stakeholders before major decisions are made; and
- Promote fair competition through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way.

We are committed to:

1. Raising student attainment

This is demonstrated by the results for 2019/2020 academic year which remained high. Full details are available on the website: www.parmiters.herts.sch.uk.

The Academy Trust has fully embedded tracking systems for individual students and provides a range of targeted interventions that support progress from key Stage 2 through to the end of Key Stage 5.

2. Robust governance and oversight of Academy Trust finances

The Academy Trust has appointed an Audit & Risk Committee which reviews key financial policies, systems and procedures, including the use of tenders and presents reports on compliance to the Finance & Resources Committee.

The Academy Trust receives support throughout the year from its External Auditors on compliance and accounting practices.

The Finance & Resources committee receives quarterly budget monitoring reports. The Members approve the budget each year and are mindful of the need to balance expenditure against income to ensure the Academy Trust remains a 'going concern'. The Trust also receives and approves the External Auditors' Annual Report and Financial Statements.

3. Ensuring the operation of the Trust demonstrates good value for money and efficient and effective use of resources

The Academy benchmarks financial performance against other academy trusts to demonstrate that the Trust provides good value for money.

Tender exercises are regularly undertaken to ensure that high value contracts are assessed against the marketplace on a regular basis to ensure that long term contracts (3 to 5 years) remain competitive.

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money (continued)

For purchases above £1,500 and £10,000 two quotations are required. For purchases above £10,000 but below the tender limit, three quotations are required.

4. Maximising income generation

The Academy explores every opportunity to generate income through catering arrangements, hire of Academy facilities and support to other school.

5. Reviewing controls and managing risks

The Headteacher and Director of Finance & Resources review budget monitoring reports and address any significant variances against budget. The Finance & Resources Committee review expenditure within each budget heading annually and make adjustment based on the effectiveness of strategies introduced in previous years, curriculum offer and any new strategies identified in the School Development Plan.

The Academy Trust works with other schools collaboratively to ensure that procurement costs are kept to a minimum.

The Academy maximises its resources by its environmental policies. These include close monitoring of energy consumption, recycling and reducing waste and procurement.

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 Parmiter's School Academy Trust 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 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 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.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Committee;
- regular reviews by the Finance & 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;

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

- clearly defined purchasing (asset purchase or capital investment) guidelines; delegation of authority and segregation of duties;
- identification and management of risks.

The Audit Committee has decided not to appoint an internal auditor. However, the Committee have appointed Keith Robertson, a Governor, to carry out a programme of internal checks.

The Audit Committee's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. The Board of Governors/Directors is satisfied that the Audit Committee function has been fully delivered in line with the ESFA's requirements. No material control issues have been notified to Board as a result of the Audit Committee's work.

On a quarterly basis, the reviewer reports to the board of Committee through the audit committee on the operation of the systems of control and on the discharge of the Committee's financial responsibilities.

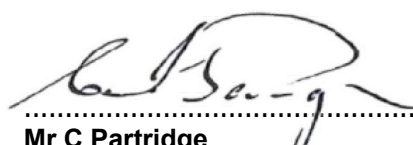
Review of effectiveness

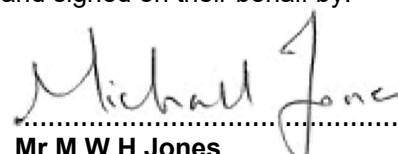
As accounting officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

Approved by order of the members of the Board of Governors and signed on their behalf by:


.....
Mr C Partridge
Chairman of Academy Trust
Date: 28 January 2021


.....
Mr M W H Jones
Principal Accounting Officer

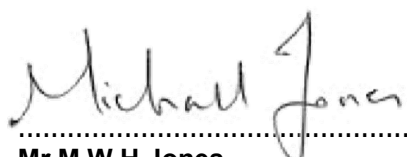
PARMITER'S SCHOOL
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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



Mr M W H Jones
Principal Accounting Officer

Date: 28 January 2021

PARMITER'S SCHOOL
(A company limited by guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

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

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

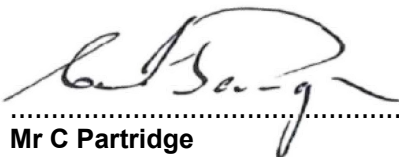
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

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



Mr C Partridge
Chairman of Academy Trust

Date: 28 January 2021

PARMITER'S SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE TRUSTEES OF
PARMITER'S SCHOOL**

Opinion

We have audited the financial statements of Parmiter's School (the 'academy trust') for the year ended 31 August 2020 which comprise the Statement of financial activities, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 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 Trust'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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the 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.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which details the concern around the academy's ability to continue as a going concern. The academy made a net deficit on restricted and unrestricted funds before actuarial losses on defined benefit pension schemes of £337,312 during the year ended 31 August 2020, at that date the academy's aggregate restricted and unrestricted reserves excluding fixed assets and pension liabilities were in deficit by £259,513. As stated in note 1.2, these events or conditions, along with the other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the Academy Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PARMITER'S SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE TRUSTEES OF
PARMITER'S SCHOOL (CONTINUED)**

Other information

The Governors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Other information includes the Reference and administrative details, the Governors' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

PARMITER'S SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE TRUSTEES OF
PARMITER'S SCHOOL (CONTINUED)**

Responsibilities of trustees

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

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

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

Use of our report

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



Alexander Bottom ACA (senior statutory auditor)

for and on behalf of
Hillier Hopkins LLP
Chartered Accountants
Statutory Auditor
Radius House

51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Date: *29th January 2021*

PARMITER'S SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
PARMITER'S SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 1 May 2019 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 Parmiter's 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 Parmiter's School and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Parmiter's 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 Parmiter's School and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Parmiter's School's funding agreement with the Secretary of State for Education dated 8 June 2011 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 Trust's income and expenditure.

The work undertaken to draw our conclusion includes:

- An assessment of the risk of material misstatement and irregularity across the Academy Trust's activities.
- Testing and review of areas identified through risk assessment including enquiry, observation, inspection and review of supporting evidence.
- Review of system controls, policies and procedures in place to ensure compliance with the regularity regime.
- Consideration of evidence obtained through the work performed as part of our financial statements audit in order to support the regularity conclusion.

PARMITER'S SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
PARMITER'S 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.



Hillier Hopkins LLP
Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Date: *29th January 2021*

PARMITER'S 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	-	64,262	104,941	169,203	4,442,703
Charitable activities		1,099,003	7,815,006	-	8,914,009	9,036,106
Other trading activities		211,817	-	-	211,817	273,820
Total income		1,310,820	7,879,268	104,941	9,295,029	13,752,629
Expenditure on:						
Raising funds		11,604	-	-	11,604	12,443
Charitable activities	7	974,705	8,465,714	180,318	9,620,737	9,672,765
Total expenditure		986,309	8,465,714	180,318	9,632,341	9,685,208
Net income/(expenditure)		324,511	(586,446)	(75,377)	(337,312)	4,067,421
Transfers between funds	16	(324,511)	209,411	115,100	-	-
Net movement in funds before other recognised gains/(losses)		-	(377,035)	39,723	(337,312)	4,067,421
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	23	-	(180,000)	-	(180,000)	(708,000)
Net movement in funds		-	(557,035)	39,723	(517,312)	3,359,421

PARMITER'S SCHOOL
(A company limited by guarantee)

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

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Note					
Reconciliation of funds:					
Total funds brought forward	-	(2,380,478)	6,472,414	4,091,936	732,515
Net movement in funds	-	(557,035)	39,723	(517,312)	3,359,421
Total funds carried forward	-	(2,937,513)	6,512,137	3,574,624	4,091,936

The Statement of financial activities includes all gains and losses recognised in the year.

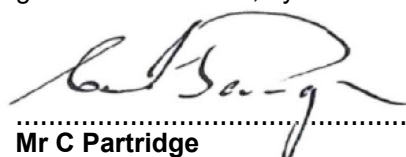
The notes on pages 29 to 57 form part of these financial statements.

PARMITER'S SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07662765

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	2,939,006	2,336,303
Current assets			
Debtors	14	2,810,307	4,337,710
Cash at bank and in hand		1,287,642	109,686
		<u>4,097,949</u>	<u>4,447,396</u>
Creditors: falling due within one year	15	(784,331)	(557,763)
Net current assets		<u>3,313,618</u>	<u>3,889,633</u>
Total assets less current liabilities		<u>6,252,624</u>	<u>6,225,936</u>
Net assets excluding pension liability		<u>6,252,624</u>	<u>6,225,936</u>
Defined benefit pension scheme liability	23	(2,678,000)	(2,134,000)
Total net assets		<u><u>3,574,624</u></u>	<u><u>4,091,936</u></u>
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	16	6,512,137	6,472,414
Restricted income funds	16	(259,513)	(246,478)
Restricted funds excluding pension asset	16	<u>6,252,624</u>	<u>6,225,936</u>
Pension reserve	16	<u>(2,678,000)</u>	<u>(2,134,000)</u>
Total restricted funds	16	<u>3,574,624</u>	<u>4,091,936</u>
Unrestricted income funds	16	<u>-</u>	<u>-</u>
Total funds		<u><u>3,574,624</u></u>	<u><u>4,091,936</u></u>

The financial statements on pages 25 to 57 were approved and authorised for issue by the Governors and are signed on their behalf, by:


.....
Mr C Partridge

Chairman of Academy Trust

Date: 28 January 2021

PARMITER'S 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	18	1,880,085	(4,126,367)
Cash flows from investing activities	19	(702,129)	4,202,098
Change in cash and cash equivalents in the year		1,177,956	75,731
Cash and cash equivalents at the beginning of the year		109,686	33,955
Cash and cash equivalents at the end of the year	20, 21	1,287,642	109,686

The notes on pages 29 to 57 from part of these financial statements

PARMITER'S 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), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, 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.

1.2 Going concern

The Governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements.

The Trustees have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the immediate future now the recovery plan is in place. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Parmiter's has strived to make efficiencies year on year for the last five years, it is now facing a deficit position and will struggle to set a balanced budget in the coming years. A detailed recovery plan has been approved and implemented which is causing some cuts across the school, unless government settlements improve.

The school has managed its online provision of lessons well and students are adapting quickly to remote learning. Covid-19 has meant that the financial recovery plan has been delayed slightly but the long term strategy for cost reduction is still in place and we will see the benefits of this in the coming years. Some staff have also been furloughed during lockdown to mitigate the impact on budgets but we have also lost a significant amount of hiring income. Future budgets will be built with a prudent view of income generation given the risk of further lockdowns.

PARMITER'S SCHOOL
(A company limited by guarantee)

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 Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants**

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

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

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

- **Donations**

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

- **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Academy Trust 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 Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable activities**

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

PARMITER'S SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.4 Expenditure (continued)

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following basis:

Property improvements	-	2% straight line
Furniture and fixtures	-	10% straight line
Computer equipment	-	20% straight line
Motor vehicles	-	20% straight line

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

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

1.6 Debtors

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

1.7 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.

PARMITER'S SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.8 Liabilities

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

1.9 Financial instruments

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

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

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

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

1.10 Operating leases

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

PARMITER'S SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.11 Pensions

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

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

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

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

1.12 Agency arrangements

The academy trust 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 trust does not have control over the charitable application of the funds. None of the allocation has been used towards the trust's own administration costs. The funds received and paid and any balances held are disclosed in note 27.

The academy trust also acts as an agent in distributing the Schools Direct training and salary grants to cover training costs for salaried trainees to achieve qualified teacher status. Grant monies received and the subsequent disbursements to lead schools are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The element of grant monies received in relation to staff based at the academy trust has been recognised in the statement of financial activities.

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FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.13 Fund accounting

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

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

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

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

Valuation of tangible fixed assets

Trustees have considered the value of tangible fixed assets. Changes in the circumstances or expectations of future performance of an individual asset may be an indicator that the asset is impaired, which would require the book value to be written down to its recoverable amount. Impairments are reversed if conditions for impairment are no longer present. Due to their nature, evaluating whether an asset is impaired requires a significant degree of judgement and may to a large extent depend on the assumptions made in its evaluation. The trustees have concluded that the valuation of the tangible fixed assets as at the year end are appropriate.

Depreciation and residual values

The trustees have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

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3. Income from donations and capital grants

	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Donations	64,262	10,449	74,711
Capital Grants	-	94,492	94,492
	<u>64,262</u>	<u>104,941</u>	<u>169,203</u>
	<i>Restricted funds 2019 £</i>	<i>Restricted fixed asset funds 2019 £</i>	<i>Total funds 2019 £</i>
Donations	89,454	20,726	110,180
Capital Grants	-	4,332,523	4,332,523
	<u>89,454</u>	<u>4,353,249</u>	<u>4,442,703</u>

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4. Funding for the Academy Trust's educational activities

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	7,344,913	7,344,913
Pupil premium	-	85,370	85,370
Rates relief	-	50,931	50,931
Other DfE grants	-	(1,887)	(1,887)
	-	7,479,327	7,479,327
Other government grants			
Other government grants	-	128,401	128,401
SEN funding	-	82,270	82,270
	-	210,671	210,671
Other income			
Trip income	384,803	-	384,803
Bus income	337,560	-	337,560
Music income	75,276	-	75,276
Exam income	-	13,901	13,901
Catering income	300,097	-	300,097
Other income	1,267	111,107	112,374
	1,099,003	125,008	1,224,011
	1,099,003	7,815,006	8,914,009

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

4. Funding for the Academy Trust's educational activities (continued)

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Total funds 2019 £</i>
DfE/ESFA grants			
General Annual Grant (GAG)	-	6,792,163	6,792,163
Pupil premium	-	82,310	82,310
Rates relief	-	121,163	121,163
Other DfE grants	-	47,680	47,680
	-	7,043,316	7,043,316
Other government grants			
Other government grants	-	20,600	20,600
SEN funding	-	62,686	62,686
	-	83,286	83,286
Other income			
Trip income	747,109	-	747,109
Bus income	485,790	-	485,790
Music income	99,130	-	99,130
Exam income	-	9,764	9,764
Catering income	435,114	-	435,114
Other income	58,102	74,495	132,597
	1,825,245	84,259	1,909,504
	1,825,245	7,210,861	9,036,106

5. Income from other trading activities

	Unrestricted funds 2020 £	Total funds 2020 £
Lettings income	174,271	174,271
Lottery income	8,049	8,049
Sale of goods and services	29,497	29,497
	211,817	211,817

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

5. Income from other trading activities (continued)

	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Lettings income	219,587	219,587
Lottery income	7,347	7,347
Sale of goods and services	46,886	46,886
	<u>273,820</u>	<u>273,820</u>

6. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £
Expenditure on raising voluntary income:				
Direct costs	-	-	11,604	11,604
Educational activities:				
Direct costs	5,431,423	-	747,214	6,178,637
Allocated support costs	1,964,037	436,562	1,041,501	3,442,100
	<u>7,395,460</u>	<u>436,562</u>	<u>1,800,319</u>	<u>9,632,341</u>

	<i>Staff Costs 2019 £</i>	<i>Premises 2019 £</i>	<i>Other 2019 £</i>	<i>Total 2019 £</i>
Expenditure on raising voluntary income:				
Direct costs	-	-	12,443	12,443
Educational activities:				
Direct costs	5,231,475	-	1,178,088	6,409,563
Allocated support costs	1,641,286	382,301	1,239,615	3,263,202
	<u>6,872,761</u>	<u>382,301</u>	<u>2,430,146</u>	<u>9,685,208</u>

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7. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Educational activities	974,705	8,646,032	9,620,737

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Educational activities	1,594,355	8,078,410	9,672,765

8. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £
Educational activities	6,178,637	3,442,100	9,620,737

	<i>Activities undertaken directly 2019 £</i>	<i>Support costs 2019 £</i>	<i>Total funds 2019 £</i>
Educational activities	6,409,563	3,263,202	9,672,765

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8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational activities 2020 £	Total funds 2020 £
Pension finance costs	41,000	41,000
Staff costs	1,964,037	1,964,037
Depreciation	180,318	180,318
Premises costs	436,562	436,562
Technology costs	52,851	52,851
Other support costs	754,407	754,407
Governance costs	12,925	12,925
	<u>3,442,100</u>	<u>3,442,100</u>
	<i>Educational activities 2019 £</i>	<i>Total funds 2019 £</i>
Pension finance costs	38,000	38,000
Staff costs	1,641,286	1,641,286
Depreciation	107,979	107,979
Premises costs	382,301	382,301
Technology costs	43,463	43,463
Other support costs	1,037,227	1,037,227
Governance costs	12,946	12,946
	<u>3,263,202</u>	<u>3,263,202</u>

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NOTES TO THE FINANCIAL STATEMENTS
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9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020	2019
	£	£
Depreciation of tangible fixed assets	180,318	107,979
Fees paid to auditor for:		
- audit	8,395	8,150
- other services	4,100	4,796
	=====	=====

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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	5,357,127	5,334,853
Social security costs	505,865	515,085
Pension costs	1,519,562	1,017,457
	7,382,554	6,867,395
Agency staff costs	12,906	5,366
	7,395,460	6,872,761

b. Non-statutory/non-contractual staff severance payments

During the year severance payments of £Nil (2019: £Nil) were paid.

c. Staff numbers

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

	2020	2019
	No.	No.
Teachers	94	108
Administration and support	95	91
Management	7	10
	196	209

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NOTES TO THE FINANCIAL STATEMENTS
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10. Staff (continued)

d. Higher paid staff

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

	2020	2019
	No.	No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	1
In the band £100,001 - £110,000	1	1

e. Key management personnel

The key management personnel of the Academy Trust comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £723,255 (2019: £650,523).

11. Governors' remuneration and expenses

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

		2020	2019
		£	£
Mr M Jones	Remuneration	105,000 -	35,000 -
		110,000	40,000
	Pension contributions paid	15,000 -	5,000 -
		20,000	10,000
Mrs C Farrelly	Remuneration	5,000 -	5,000 -
		10,000	10,000
	Pension contributions paid	0 - 5,000	0 - 5,000

During the year, retirement benefits were accruing to 1 Governors (2019 - 1) in respect of defined benefit pension schemes.

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

12. Governors' and Officers' insurance

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where the 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 £5,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

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13. Tangible fixed assets

	Property improv'ts £	Assets under construction £	Furniture and fixtures £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 September 2019	2,318,352	88,702	113,962	301,399	54,702	2,877,117
Additions	20,100	292,128	390,095	80,698	-	783,021
At 31 August 2020	<u>2,338,452</u>	<u>380,830</u>	<u>504,057</u>	<u>382,097</u>	<u>54,702</u>	<u>3,660,138</u>
Depreciation						
At 1 September 2019	264,427	-	56,775	184,077	35,535	540,814
Charge for the year	47,162	-	51,728	75,060	6,368	180,318
At 31 August 2020	<u>311,589</u>	<u>-</u>	<u>108,503</u>	<u>259,137</u>	<u>41,903</u>	<u>721,132</u>
Net book value						
At 31 August 2020	<u>2,026,863</u>	<u>380,830</u>	<u>395,554</u>	<u>122,960</u>	<u>12,799</u>	<u>2,939,006</u>
At 31 August 2019	<u>2,053,925</u>	<u>88,702</u>	<u>57,187</u>	<u>117,322</u>	<u>19,167</u>	<u>2,336,303</u>

The land and buildings used by Parmiter's School is owned by the Parmiter's Foundation with no lease agreement and therefore the value of these buildings are not included within the school accounts.

14. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	4,211	31,297
Other debtors	122,516	63,630
Prepayments and accrued income	2,683,580	4,242,783
	<u>2,810,307</u>	<u>4,337,710</u>

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

15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	211,173	110,960
Other taxation and social security	117,670	131,008
Other creditors	173,730	137,118
Accruals and deferred income	281,758	178,677
	<hr/> 784,331 <hr/>	<hr/> 557,763 <hr/>
	2020 £	2019 £
Deferred income at 1 September 2019	157,965	205,415
Resources deferred during the year	200,623	157,965
Amounts released from previous periods	(157,965)	(205,415)
	<hr/> 200,623 <hr/>	<hr/> 157,965 <hr/>

At the balance sheet date the academy trust was holding funds received in advance for trips relating to the 2020/21 academic year.

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

16. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
General Funds	-	1,310,820	(986,309)	(324,511)	-	-
Restricted general funds						
General Annual Grant (GAG)	(246,478)	7,344,913	(7,567,359)	209,411	-	(259,513)
Rates Relief	-	50,931	(50,931)	-	-	-
Pupil Premium	-	85,370	(85,370)	-	-	-
SEN Funding	-	82,270	(82,270)	-	-	-
Other government grants	-	106,477	(106,477)	-	-	-
Schools Direct	-	8,250	(8,250)	-	-	-
Exam income	-	13,901	(13,901)	-	-	-
Other restricted funds	-	129,712	(129,712)	-	-	-
Donations	-	64,262	(64,262)	-	-	-
Pension reserve	(2,134,000)	-	(364,000)	-	(180,000)	(2,678,000)
	(2,380,478)	7,886,086	(8,472,532)	209,411	(180,000)	(2,937,513)
Restricted fixed asset funds						
Restricted fixed asset funds	2,336,303	-	(180,318)	783,021	-	2,939,006
ESFA DFC grant	-	30,814	-	(30,814)	-	-
ESFA CIF income - Boiler Project	272,169	-	-	(272,169)	-	-
ESFA CIF income - Science Block	3,863,942	-	-	(290,811)	-	3,573,131
Donations	-	8,949	-	(8,949)	-	-
Other capital income	-	65,178	-	(65,178)	-	-

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

16. Statement of funds (continued)

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
	<u>6,472,414</u>	<u>104,941</u>	<u>(180,318)</u>	<u>115,100</u>	<u>-</u>	<u>6,512,137</u>
Total Restricted funds	<u>4,091,936</u>	<u>7,991,027</u>	<u>(8,652,850)</u>	<u>324,511</u>	<u>(180,000)</u>	<u>3,574,624</u>
Total funds	<u><u>4,091,936</u></u>	<u><u>9,301,847</u></u>	<u><u>(9,639,159)</u></u>	<u><u>-</u></u>	<u><u>(180,000)</u></u>	<u><u>3,574,624</u></u>

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the academy has been provided via the Education and skills Funding Agency (ESFA) by the Department for Education. The GAG fund must be used for the normal running costs of the academy.

The transfer from unrestricted to GAG is due to the expenditure being greater than income so the excess is funded through the unrestricted funds.

Pupil Premium is a grant allocated to academies with pupils that are known to be eligible for free school meals. The purpose is to raise attainment for pupils from low income families.

The pension reserve represents the net deficit on the LGPS defined benefit pension scheme. The deficit arose because of the pension scheme deficit inherited upon conversion. Future GAG funding agreed by the ESFA is expected to be sufficient to take the fund back into surplus.

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

The Academy Trust is carrying a net deficit of £259,513 on restricted general funds (excluding pension reserve) plus unrestricted funds for the following reasons:

Since 2014/15 and through to 2016/17 increases in employers Teachers' Pension and National Insurance contributions along with standstill budgets and decreased Sixth Form budgets has impacted the budget and any reserves. A material decrease in income would adversely affect provision. This was mitigated by raising the published admissions number (PAN) from 186 to 206 and again to 208 in 2015/16 and improving recruitment to the Sixth Form. Parmiter's School remains one of the most oversubscribed schools in Hertfordshire in spite of recent changes to the admissions process and is unlikely to be affected by falling rolls since Watford and district is an area of demographic growth. However, with further increases in employers Teachers' Pension contributions in September 2019, future budget planning is becoming increasingly more difficult.

With finances growing ever tighter the finance policy for the school has been reviewed to include a more up to date and comprehensive purchasing procedure for all departments to adhere to.

In 2016/17 the employer's contributions for support and teaching staff pensions increased further which

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16. Statement of funds (continued)

has put further strain on the school's finances.

In 2017/18 the school was showing a cash deficit position due to the ever increasing pressures on spend and funding increases not matching the expenditure.

In 2018/19 the GAG income was actually less than in 2017/18 although the student numbers had increased. This had further impact the cash position becoming increasingly more difficult to balance.

In 2019/20 the Employer's contributions for Teachers' Pensions increased by a further 7.12%.

The Academy Trust is taking the following action to return these funds to surplus:

It was necessary to produce a financial recovery plan in 2019/20 in order to address the short falls in funding and make cuts across the expenditure budget. This recovery plan was approved by the ESFA and will be fully implemented in school by September 2019.

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

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16. Statement of funds (continued)

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

	<i>Balance at 1 September 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2019 £</i>
Unrestricted funds						
General Funds	-	2,099,065	(1,606,798)	(492,267)	-	-
Restricted general funds						
General Annual Grant (GAG)	(240,615)	6,792,163	(7,367,279)	569,253	-	(246,478)
Rates Relief	-	121,163	(121,163)	-	-	-
Pupil Premium	-	82,310	(82,310)	-	-	-
SEN Funding	-	62,686	(62,686)	-	-	-
Other government grants	-	20,600	(20,600)	-	-	-
Schools Direct	-	30,760	(30,760)	-	-	-
Exam income	-	9,764	(9,764)	-	-	-
Other restricted funds	-	74,495	(74,495)	-	-	-
Donations	-	89,454	(89,454)	-	-	-
Teacher Internship Programme income	-	16,920	(16,920)	-	-	-
Pension reserve	(1,331,000)	-	(95,000)	-	(708,000)	(2,134,000)
	<u>(1,571,615)</u>	<u>7,300,315</u>	<u>(7,970,431)</u>	<u>569,253</u>	<u>(708,000)</u>	<u>(2,380,478)</u>
Restricted fixed asset funds						
Restricted fixed asset funds	2,293,130	-	(107,979)	151,152	-	2,336,303
ESFA DFC grant	-	107,710	-	(107,710)	-	-
ESFA CIF income - Boiler Project	-	277,813	-	(5,644)	-	272,169

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**NOTES TO THE FINANCIAL STATEMENTS
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16. Statement of funds (continued)

	<i>Balance at 1 September 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2019 £</i>
ESFA CIF						
income -						
Science Block	-	3,947,000	-	(83,058)	-	3,863,942
Donations	11,000	20,726	-	(31,726)	-	-
	<u>2,304,130</u>	<u>4,353,249</u>	<u>(107,979)</u>	<u>(76,986)</u>	<u>-</u>	<u>6,472,414</u>
Total Restricted funds	<u>732,515</u>	<u>11,653,564</u>	<u>(8,078,410)</u>	<u>492,267</u>	<u>(708,000)</u>	<u>4,091,936</u>
Total funds	<u>732,515</u>	<u>13,752,629</u>	<u>(9,685,208)</u>	<u>-</u>	<u>(708,000)</u>	<u>4,091,936</u>

17. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestrict ed funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	2,939,006	2,939,006
Current assets	155,369	369,449	3,573,131	4,097,949
Creditors due within one year	(155,369)	(628,962)	-	(784,331)
Provisions for liabilities and charges	-	(2,678,000)	-	(2,678,000)
Total	<u>-</u>	<u>(2,937,513)</u>	<u>6,512,137</u>	<u>3,574,624</u>

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17. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Restricted fixed asset funds 2019 £</i>	<i>Total funds 2019 £</i>
Tangible fixed assets	-	-	2,336,303	2,336,303
Current assets	157,965	153,320	4,136,111	4,447,396
Creditors due within one year	(157,965)	(399,798)	-	(557,763)
Provisions for liabilities and charges	-	(2,134,000)	-	(2,134,000)
Total	-	(2,380,478)	6,472,414	4,091,936

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

	2020 £	2019 £
Net (expenditure)/income for the period (as per statement of financial activities)	(337,312)	4,067,421
Adjustments for:		
Depreciation	180,318	107,979
Capital grants from DfE and other capital income	(80,892)	(4,353,249)
Defined benefit pension scheme cost less contributions payable	323,000	57,000
Defined benefit pension scheme finance cost	41,000	38,000
Decrease/(increase) in debtors	1,527,403	(3,995,955)
Increase/(decrease) in creditors	226,568	(47,563)
Net cash provided by/(used in) operating activities	1,880,085	(4,126,367)

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19. Cash flows from investing activities

	2020 £	2019 £
Purchase of tangible fixed assets	(783,021)	(151,151)
Capital grants from DfE Group	70,443	4,332,523
Capital funding received from sponsors and others	10,449	20,726
Net cash (used in)/provided by investing activities	(702,129)	4,202,098

20. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	1,287,642	109,686
Total cash and cash equivalents	1,287,642	109,686

21. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	109,686	1,177,956	1,287,642
	109,686	1,177,956	1,287,642

22. Capital commitments

	2020 £	2019 £
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	3,579,858	-

The capital commitment relates to the building of a New Science Building which commenced in July 2020 and has a total contract sum of £3,697,858. The project is due for completion in Summer 2021.

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23. Pension commitments

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

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

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. 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.

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.

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23. Pension commitments (continued)

The employer's pension costs paid to TPS in the year amounted to £852,822 (2019 - £608,069).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £423,000 (2019 - £136,000), of which employer's contributions totalled £337,000 (2019 - £106,000) and employees' contributions totalled £ 86,000 (2019 - £30,000). The agreed contribution rates for future years are 25.3 per cent for employers and 5.5-12.5 per cent for employees.

The LGPS obligation relates to the employees of the Academy Trust, 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 Trust 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.

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	2.6	2.4
Rate of increase for pensions in payment/inflation	2.2	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	21.9	21.5
Females	24.1	23.7
<i>Retiring in 20 years</i>		
Males	22.8	22.3
Females	25.5	25

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23. Pension commitments (continued)

Sensitivity analysis

	2020 £000	2019 £000
Discount rate -0.1%	176	149
CPI rate +0.1%	163	131
Salary increase rate +0.1%	11	16

Share of scheme assets

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

	2020 £	2019 £
Equities	2,605,480	1,975,680
Corporate bonds	1,720,600	1,572,480
Property	442,440	322,560
Cash and other liquid assets	147,480	161,280
Total market value of assets	4,916,000	4,032,000

The actual return on scheme assets was £524,000 (2019 - £315,000).

The amounts recognised in the Statement of financial activities are as follows:

	2020 £	2019 £
Current service cost	(660,000)	(158,000)
Past service cost	-	(5,000)
Interest income	76,000	103,000
Interest cost	(117,000)	(141,000)
Total amount recognised in the Statement of financial activities	(701,000)	(201,000)

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23. Pension commitments (continued)

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

	2020 £	2019 £
At 1 September	6,166,000	4,958,000
Current service cost	660,000	158,000
Interest cost	117,000	141,000
Employee contributions	86,000	30,000
Actuarial losses	628,000	920,000
Benefits paid	(63,000)	(46,000)
Past service costs	-	5,000
At 31 August	7,594,000	6,166,000

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

	2020 £	2019 £
At 1 September	4,032,000	3,627,000
Interest income	76,000	103,000
Actuarial gains	448,000	212,000
Employer contributions	337,000	106,000
Employee contributions	86,000	30,000
Benefits paid	(63,000)	(46,000)
At 31 August	4,916,000	4,032,000

24. Operating lease commitments

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

	2020 £	2019 £
Not later than 1 year	10,846	14,102
Later than 1 year and not later than 5 years	7,791	18,674
	18,637	32,776

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25. Members' liability

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

26. Related party transactions

Owing to the nature of the Academy Trust and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the governors 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 Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The Parmiter's School Foundation is a related party through common trustees. The total donations received during the year were £64,000 (2019: £90,643). At the year end the academy was owed £Nil (2019: £Nil). The Parmiter's School Foundation is a registered charity set up in 1913 to promote education and provide financial support to Parmiter's School and its pupils. The accounts are publicly available from the Charity commission.

The Parmiter's School Parents Association is a related party through common Governors. The total donations received during the year were £Nil (2019: £18,531). At the year end the academy was owed £Nil (2019: £Nil).

During the year purchases were made from Metro Printing Limited of £1,894 (2019: £1,132), a company where Andrew O'Brien, a governor, is also a director. At the end of the year the academy owed £924 (2019: £618).

During the year purchases were made from Hilton Flooring of £5,454 (2019: £Nil), a company where Cynthia Farrelly, a governor, has close family. At the end of the year the academy owed £Nil (2019: £Nil).

27. Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2020 the trust received £17,213 (2019: £17,452) and disbursed £17,213 (2019: £17,453) from the fund. An amount of £1,802 (2019: £1,802) is included in other creditors relating to undistributed funds.

The Academy Trust is a member of the Schools Direct scheme where they receive funds from ESFA for distribution to staff working at schools in the local area. In the accounting period ending 31 August 2020 the trust received £183,333 (2019: £172,500) and disbursed £183,333 (2019: £159,919) from the fund. An amount of £nil (2019: £12,581) is included in other creditors relating to distributed funds due from to the academy trust.