

NOT FOR DISTRIBUTION

Freman College

Annual Report and Financial Statements

31 August 2021

Company Limited by Guarantee
Registration Number
07686458 (England and Wales)

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Reference and administrative information

Members

- Mrs J Martin
- Dr S Aguilar (until February 2021)
- Mr G Bonner
- Mrs C Claydon (from September 2020)
- Mrs S Coote
- Mr M Grimley (until February 2021)
- Mrs E Hinton (until July 2021)
- Dr P Jackson (until December 2020)
- Mrs S Lankester
- Mr J Leigh
- Mrs H Littleford (until July 2021)
- Ms H Loughran (Headteacher and Accounting Officer)
- Mr M Nicholas (from September 2020)
- Mr D Paull-Wills
- Mrs G Perkins
- Dr A Vishnivetskaya (until February 2021)

Trustees

- Mrs J Martin (Chair)
- Dr S Aguilar* (staff trustee)
- Mr G Bonner
- Mrs C Claydon* (from September 2020)
- Mrs S Coote*
- Mr M Grimley* (staff trustee)
- Mrs E Hinton (Responsible Officer) (until July 2021)
- Dr P Jackson* (until December 2020)
- Mrs S Lankester
- Mr J Leigh*
- Mrs H Littleford (until July 2021)
- Ms H Loughran* (Headteacher and Accounting Officer)
- Mr M Nicholas* (from September 2020)
- Mr D Paull-Wills
- Mrs G Perkins*
- Dr A Vishnivetskaya (staff trustee)

*members of Resources Committee

Company Secretary Ms S Hebditch

Reference and administrative information

Senior Leadership Team

Headteacher	Ms H Loughran
Deputy Head	Ms L R Jones
Assistant Head	Mr W Abell
Business Manager	Ms S Hebditch
Assistant Head	Mr M R New
Assistant Head	Mr M J Shearn
Assistant Head	Mr S J Thornewill

Registered address Bowling Green Lane
Buntingford
Hertfordshire
SG9 9BT

Company registration number 07686458 (England and Wales)

Auditor Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers LloydsTSB Commercial Bank
The Cross
Melbourn Street
Royston
Herts
SG8 7BL

Solicitors Stone King
13 Queen Square
Bath
BA1 2HJ

Governors' report (including the strategic report) Year to 31 August 2021

The Trustees of Freman College ('the College') present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2021. The annual report serves the purposes of both a trustees' report and a directors' report under company law. The Trustees are also referred to as the Governors of the College.

The academy trust operates an academy for students aged 13 to 19 serving a catchment area in East and North Hertfordshire. It has a student capacity of 1,130 including 350 in the sixth form, with 961 on role.

The financial statements have been prepared in accordance with the accounting policies set out on pages 31 to 35 of the attached financial statements and comply with the College's memorandum and articles of association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The College is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the College. The charitable company is known as Freman College. Details of the Trustees who served throughout the year except as noted are included in the reference and administrative details on page 1.

Members' liability

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

Governors' indemnity insurance

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

Principal activities

The principal activity of the College is set out in its Articles of Association. In summary it is to establish, maintain, manage and develop a school offering a broad and balanced curriculum.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Principal activities (continued)

In accordance with the Articles of Association the College has adopted a Funding Agreement approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things that the College has a curriculum satisfying the requirements of section 78 of the Education Act 2002; the College provides education for pupils of different abilities and that the College provides education for pupils who are wholly or mainly drawn from the area in which the College is situated.

Trustees

The Trustees are trustees for the purposes of charity law and directors of the charitable company for the purposes of the Companies Act 2006. The following Trustees were in office at 31 August 2021 and served throughout the year except where shown.

Trustee	Appointed/Resigned	Parent/Community/Staff
Dr S Aguilar		Staff
Mrs C Bennett	Resigned September 2020	Community
Mr G Bonner		Community
Mrs C Claydon	Appointed September 2020	Parent
Mrs S Coote		Parent
Mr M Grimley		Staff
Mrs E Hinton	Resigned July 2021	Community
Dr P Jackson	Resigned December 2020	Parent
Mrs S Lankester		Parent
Mr J Leigh		Parent
Mrs H Littleford	Resigned July 2021	Community
Ms H Loughran		Headteacher
Mrs J Martin		Community
Mr M Nicholas	Appointed September 2020	Community
Mr D Paull-Wills		Community
Mrs G Perkins		Community
Dr A Vishnivetskaya		Staff

Method of recruitment and appointment or election of Trustees

The Trustees are identified and chosen by the Board and are proposed to the full Board meeting. Candidates are selected based on eligibility, personal competence and professional skills, which can benefit the College, as well as local availability. The Board comprises Parent Trustees, the Headteacher, Staff Trustees and Community Trustees.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Method of recruitment and appointment or election of Trustees (continued)

New Trustees are inducted into the workings of the College at briefing sessions held with the Chair of Trustees and Headteacher. These sessions cover educational and business matters and include a familiarisation tour of the College's facilities. Trustees are issued with extensive background material together with the statutory guidelines for Trustees. Trustees are encouraged to attend training sessions organised for the education sector.

Organisational structure

The Board of Trustees constituted under the Memorandum and Articles of Association governs Freman College. The Board of Trustees is responsible for ensuring high standards of corporate governance are maintained. The full Board of Trustees meets formally four times during the year. Certain of the College's business is delegated through the following sub-committees on which the Headteacher, Business Manager and other senior staff also sit, as appropriate:

Resources (meets four times per year): S Aguilar, C Claydon, S Coote (Chair), M Grimley, P Jackson (until December 2020), J Leigh, H Loughran, M Nicholas, G Perkins.

Curriculum and Personnel (meets three times per year): G Bonner, E Hinton (until July 2021), S Lankester, H Littleford (until July 2021), J Martin, D Paull-Wills (Chair).

The terms of reference for each of these sub-committees have been written and accepted by the Board of Trustees.

The Headteacher is appointed by the Board of Trustees to manage the day-to-day operations of the College. In order to facilitate effective operations, the Headteacher has delegated authority within the terms approved by the Board of Trustees for operational matters within the College's Senior Leadership Team (SLT).

The Board of Trustees has been working with the Regional Schools' Commissioner with a view to creating a Multi-Academy Trust in partnership with Edwinstree Church of England Middle School. As this work has been on-going, Freman College has not yet amended its Articles of Association in line with the requirements of *The Academies Financial Handbook 2020*. As an interim measure, all staff trustees have resigned as members as this is a key requirement of both the ESFA's updated articles and the AFH.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the College comprise the Board of Trustees and the Senior Leadership Team as listed on page 1.

The Board of Trustees determine the pay range for the leadership of the College as detailed in the College's Pay Policy, determined by the framework of the School Teachers' Pay and Conditions document, which is reviewed annually.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	2

Percentage of pay bill spent on facility time

Total cost of facility time	0
Percentage of the total pay bill spent on facility time	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	0
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Risk management

The Board of Trustees have assessed the major risks to which the College is exposed, in particular those relating to teaching, the provision of facilities and other operational areas of Freman College and its finances. The Board of Trustees have implemented a number of systems to assess risks that the College faces, especially in the operational areas. For example, in relation to teaching, health and safety, bullying, school trips and visits and in relation to the control of finance.

The key controls used by Freman College include:

- ◆ Formal agendas for all committee meetings.
- ◆ Detailed terms of reference for committees.
- ◆ Strategic planning, budgeting and management accounting (including annual budget reports reviewed by the Board of Trustees which include the review of financial performance against forecasts and other major purchase plans, capital works and expenditure programmes).
- ◆ The Resources Committee meets four times each year to review interim financial performance.
- ◆ An established organisational structure and lines of reporting.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management (continued)

- ◆ Formal written policies.
- ◆ Clear authorisation and approval levels.
- ◆ Monthly management reports sent to Board of Trustees and Senior Leadership Team.

OBJECTIVES AND ACTIVITIES

Objects and aims

The College's principal object, as set out in the Articles of Association, is to advance for the public benefit education in the United Kingdom by establishing, maintaining, carrying on, managing and developing an Academy school offering a broad and balanced curriculum.

The impact of the COVID-19 pandemic and the closure of schools in March 2020 and the likely continuing impact throughout the 2020/21 academic year resulted in an unprecedented decision to strip back the whole College objectives for 2020/21 which were as follows:

- Design, implement, review and update procedures to maintain the safety and well-being of staff and students during the COVID-19 pandemic.
- Design, implement, review and update procedures to ensure that we can continue to deliver the best education we can for students during the COVID-19 pandemic either in College or remotely as required.
- Establish a trust with Edwinstree, ensuring that the arrangements are beneficial for all parties and will further improve the quality of provision for local families.

With the decision to close all schools in January 2021 with one days' notice, focussing on these key areas meant that the College was able to deliver excellent education remotely for the 10 weeks of the closures.

OBJECTIVES AND ACTIVITIES (continued)

Public Benefit

In setting the College's objectives and planning its activities, the Governing Body has given careful consideration to the Charity Commission's general guidance on public benefit.

STRATEGIC REPORT

Achievements and performance

The cancellation of public examinations in England was announced on 5 January 2021, however the detailed information and guidance from exam boards was not released until 31 March 2021, at the start of the Easter holidays.

The model of teacher assessed grades meant that staff then undertook a rigorous process which involved:

- ◆ Review and decide on evidence base
- ◆ Review exam board materials
- ◆ Arrange subject based training
- ◆ Review exam board marking and grading guidance
- ◆ Schedule and mark assessments
- ◆ Schedule standardisation
- ◆ Schedule moderation
- ◆ Submit grades for internal QA
- ◆ Review grades if required/ submit grades

The above steps were undertaken for each student in years 11 and 13 and some in year 12.

STRATEGIC REPORT (continued)

Going concern

After making appropriate enquiries, including considering both the initial and continued impact of the COVID-19 pandemic, the Governing Body has a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Key financial performance indicators

- Student numbers – leading directly to ESFA funding
- General financial stability
- Ofsted inspection results
- Year 9 student intake
- Sixth Form student numbers

The College's aim for the year to 31 August 2021 was to maintain the current level of educational provision, whilst matching income to expenditure. The aim was for the accrual of surplus balances to support the College's long term financial stability. Net expenditure for the year, excluding the fixed assets fund and adjustments relating to the actuarial valuation of the pension scheme, was £286,000 (2020 – £234,000).

Financial review

Financial report for the year

Most of the College's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of the General Annual Grant (GAG), the use of which is restricted for educational purposes. The grants received from the ESFA and other government bodies during the period and the associated expenditure are shown as restricted funds in the statement of financial activities.

The College also received grants for fixed assets from the ESFA. In accordance with 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 United Kingdom and Republic of Ireland (FRS 102), such a grant is shown in the statement of financial activities as restricted income within the fixed assets fund. The balance sheet restricted fixed assets fund is reduced by expenditure equivalent to any depreciation charges over the expected useful life of the assets concerned.

The total income for the year was £6,120,000 (2020 – £5,923,000).

The deficit for the year, excluding the fixed assets fund and adjustments relating to the actuarial valuation of the pension scheme, was £286,000 (2020 – deficit of £234,000).

The results for the year are shown on page 28.

STRATEGIC REPORT (continued)

Financial review (continued)

Reserves policy

The Governors have reviewed the reserves of the College. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves. The level of reserves will be kept under review by the Governors.

At 31 August 2021, the College had total funds of £7,297,000 (2020 – £8,068,000). This comprised £5,357,000 (2020 – £6,414,000) of restricted funds and £1,940,000 (2020 – £1,654,000) of unrestricted general fund balances. Restricted funds include the pension reserve balance relating to the Local Government defined benefit scheme for non-teaching staff, which was in deficit by £1,536,000 at 31 August 2021 (2020 – £927,000). The operational funds at 31 August 2021 were £1,940,000 (2020 – £1,654,000).

The reserves held are in line with the College reserves policy which aims to hold reserves to fund future expenditure related to the College Improvement Plan's long term aims and development.

There is a deficit of £1,536,000 (2020 – £927,000) on the pension reserve. Any cash flows as a result of this deficit will occur over a number of years. 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.

Investment policy

The Governors have expressed the wish that the investment of reserves be restricted to short term and secure deposits to maintain accessibility to cash reserves as needed. Currently there are no plans to make any investments of a long-term nature as there are no significant reserves available for investment.

PRINCIPAL RISKS AND UNCERTAINTIES

Freman College holds a risk register which is reviewed on an annual basis as identified in *The Academies Handbook*. The College has a *Whistle Blowing Policy* which is reviewed annually.

The main risks and impacts have been assessed as:

- ◆ If Education and Skills Funding Agency (ESFA) funding is not communicated in a timely fashion and/or is significantly lower than planned for, then this could have adverse financial implications for the College which would need to be addressed. There is currently considerable financial uncertainty with regard to public funding. The College maintains a healthy reserve in order to mitigate any cash-flow concerns.
- ◆ Funding is also directly linked to the number of students on role and the Trustees continue to monitor student numbers, including those of the sixth form.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

- ◆ Safeguarding students in our care in line with statutory guidance. In order to mitigate this risk, the College ensures that staff have regular safeguarding training and ensures that our responsibilities pertaining to safeguarding has a high profile.
- ◆ Trustees have also considered the risk associated with financial or other compliance failures.

Freman College has introduced systems, including operational procedures (e.g. vetting of new staff and visitors, and supervision of College grounds) and internal financial controls in order to minimise risk.

FUNDRAISING

Freman College follows the fundraising practices as per section 13 of the Charities (Protection and Social Investment) Act 2016. Freman College does not currently work with any commercial or professional fundraisers. Freman College's fundraising activities are currently limited to raising funds for charities which the students' have chosen to support through non-uniform days and cake sales, rather than fundraising for College purposes. These are optional activities.

FUTURE ACTIVITIES AND PLANS

The plans for the coming year are focussing on a recovery strategy to include:

1. Prioritising and developing the role of tutors as we:
 - Re-introduce vertical tutor groups
 - Revive House activities
2. To focus closely on the development of effective teaching and learning, revisiting pre-pandemic focuses as well as identifying and integrating best practice developed remotely and in the classroom during the pandemic.
3. Addressing prejudice-based discrimination using a whole school theme of our responsibility not just for treating others as we want to be treated but also challenging the wrong-doing of others.

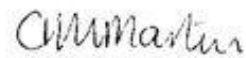
Governors' report (including the strategic report) Year to 31 August 2021

Auditors

In so far as the Governors are aware:

- ◆ there is no relevant audit information of which the College's auditor is unaware; and
- ◆ the 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.

Governors' report, incorporating a strategic report, approved by order of the Governing Body and signed on its behalf by:



Chair of Governors

Date: 29 November 2021

Governance statement Year to 31 August 2021

Scope of responsibility

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

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

Governance

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

The information on governance included here supplements that described in the Trustees' report and in the statement of Trustees' responsibilities. The Board of Trustees has formally met four times during the year. Due to the COVID-19 pandemic, these meetings were held remotely by Zoom. Attendance at meetings of the Board of Trustees during the year was as follows:

Trustee	Number of meetings attended	Out of a possible
Dr S Aguilar	3	4
Mr G Bonner	4	4
Mrs C Claydon	4	4
Mrs S Coote	4	4
Mr M Grimley	4	4
Mrs E Hinton	2	4
Dr P Jackson	0	2
Mrs S Lankester	2	4
Mr J Leigh	4	4
Mrs H Littleford	3	4
Ms H Loughran	4	4
Mrs J Martin	4	4
Mr M Nicholas	4	4
Mr D Paull-Wills	4	4
Mrs G Perkins	4	4
Dr A Vishnivetskaya	4	4

Governance (continued)

Governance reviews

The Trustees carried out a skills-based audit in September 2020 using a template provided by the National Governors Association and the outcome of this was considered in November 2020. The audit confirmed that there is a good skills mix within the Board of Trustees, with appropriate levels of experience and knowledge spread through the committees. Trustee skills are considered when appointing Trustees to committees. The Trustees refer to the audit when considering the suitability of prospective Trustees to a Community Trustee role.

Trustees consider the committee structure each academic year and agreed to keep two committees for 2020/21: Resources (which includes Audit) and Curriculum and Personnel.

Resources Committee

The Resources Committee is a sub-committee of the main Governing Body. Its purpose is:

Premises

- ◆ To provide support and guidance for the Headteacher on all matters relating to the College premises and grounds, security and health and safety.
- ◆ To monitor and revise the premises elements of the Accessibility Plan.
- ◆ To inspect the premises and grounds annually and prepare a report on any issues identified and a proposed order of priorities for maintenance and development, for the approval of the Governing Body.
- ◆ To approve the costs and arrangements for repairs, maintenance and redecoration within the budget allocation and to oversee the preparation and implementation of contracts.
- ◆ To undertake an annual safety and security audit of the premises and report on the same to the Governing Body; and to ensure that the College complies with health and safety regulations.
- ◆ To report findings of inspections and audits to the Headteacher and liaise with her to ensure that action is taken as appropriate.
- ◆ To ensure the discharge of Governors' responsibilities regarding litter under the Environmental Protection Act 1990.
- ◆ To prepare a lettings and charges policy for the approval of the Governing Body and to monitor and evaluate the implementation of that policy.
- ◆ To consider and make recommendations on risk management and insurance arrangements with regard to vandalism and other premises-related matters.

Finance

- ◆ To assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the College's finances and resources, including proper planning, monitoring and probity.

Governance statement Year to 31 August 2021

Governance (continued)

Resources Committee (continued)

Finance (continued)

- ◆ To make appropriate comments and recommendations on such matters to the Governing Body on a regular basis.
- ◆ To refer major issues to the full Governing Body for ratification.
- ◆ To consider the College's indicative funding, notified annually by the DfE and to assess its implications, in consultation with the Headteacher, in advance of the financial year, drawing any matters of significance or concern to the attention of the Governing Body.
- ◆ To consider and recommend acceptance/non-acceptance of the College's budget at the start of each financial year.
- ◆ To contribute to the formulation of the College's development plan, through the consideration of financial priorities and proposals, in consultation with the Headteacher, with the stated and agreed aims and objectives of the College.
- ◆ To receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the development plan.
- ◆ To liaise with and receive reports from the Curriculum and Personnel Committee as appropriate, and to make recommendations to that Committee about the financial aspects of matters being considered by them.
- ◆ To monitor and review expenditure on a regular basis and ensure compliance with the overall financial plan for the College, and with the financial regulations of the DfE, drawing any matters of concern to the attention of the Governing Body.
- ◆ To monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis, including the implementation of bank account arrangements and, where appropriate to make recommendations for improvement.
- ◆ To receive the financial statements to form part of the annual report of the Governing Body for recommendation to the full Governing Body and for filing in accordance with Companies Act requirements.
- ◆ To receive auditors' reports and to recommend to the full Governing Body action as appropriate in response to audit findings.
- ◆ To recommend to the full Governing Body the appointment or reappointment of the auditors of the College.

Governance statement Year to 31 August 2021

Governance (continued)

Resources Committee (continued)

Audit

- ◆ To act as the College's Audit Committee and ensure, as far as is within its competence, that the financial controls, procedures and arrangements required by law, by the DfE, by the auditors and by other authorities are in place and are being properly implemented and regularly monitored. Including:
 - ◇ Reviewing the risks to internal financial control.
 - ◇ Agreeing a programme of work to address risks and provide assurance to the external auditors.
 - ◇ Approving internal audit schedule of works.
 - ◇ Reporting serious concerns to the Chair who will take all necessary steps to investigate.

No member of staff employed by the College may participate as a member of the Committee when audit matters are discussed. They may attend to provide information and participate in discussions.

Attendance at Resources Committee meetings during the year was as follows:

Trustee	Number of meetings attended	Out of a possible
Dr S Aguilar (staff trustee)	4	4
Mrs C Claydon	2	3
Mrs S Coote (Chair)	4	4
Mr M Grimley (staff trustee)	4	4
Mr J Leigh	4	4
Ms H Loughran (Accounting Officer)	4	4
Mr M Nicholas	3	3
Mrs G Perkins	4	4

Review of value for money

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

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

Pupil Premium

Students eligible for help from pupil premium funding continued to be a focus for 2020/21. The students are identified early in year 9 and this has enabled the College to support them effectively throughout their time with us, improving their outcomes. The funding has enabled us to implement targeted intervention at a crucial time in the students' education.

Purchasing

The College continues to improve its purchasing and contract management by utilising national benchmarking data, contacts in a consortium of convertor academies, and industry recommended sources such as CPC. Purchasing decisions are robustly questioned by Governors ensuring that the principles of best value are adhered to.

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 the College's 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 at the College for the year ended 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is an ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ended 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

The risk and control framework

The College'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 Governing Body;
- ◆ regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ delegation of authority and separation of duties; and
- ◆ identification and management of risks.

Governance statement Year to 31 August 2021

The risk and control framework

The board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the Governing Body has appointed Mrs J Grosch, an experienced school Finance Manager, to carry out a programme of internal checks.

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

- ◆ testing of payroll systems;
- ◆ testing of purchase systems; and
- ◆ testing of procurement processes.

On a termly basis, the reviewer reports to the Board of Trustees, through the Resources Committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities. No breaches in the College's control systems were identified during the reviews.

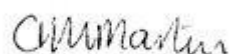
Review of effectiveness

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

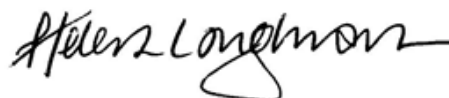
- ◆ The findings from the internal control checks;
- ◆ The work of the external auditor; and
- ◆ The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control.

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

Approved by order of the Governing Body and signed on its behalf by:



Chair of the Governors
Date: 29 November 2021



Headteacher and Accounting Officer

Statement on regularity, propriety and compliance Year to 31 August 2021

As Accounting Officer of Freman College, I have considered my responsibility to notify the College's Governing Body and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the College 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 2020.

I confirm that I and the College's Governing Body are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the College's funding agreement and the Academies Financial Handbook 2020.

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 Governing Body and ESFA.

A handwritten signature in black ink, appearing to read 'Helen Longman', with a stylized flourish at the end.

Headteacher and Accounting Officer
Date: 29 November 2021

Statement of Governors' responsibilities Year to 31 August 2021

The Governors (who act as trustees of Freman College and are also the directors of the College for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual 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 year. Under company law, the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the College, including its income and expenditure for that period. In preparing these financial statements, the Governors are required to:

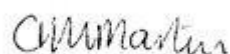
- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP (FRS 102) and the Academies Accounts Direction 2020 to 2021;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the College's transactions and disclose with reasonable accuracy at any time the financial position of the College 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 College 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 College applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA have been applied for the purposes intended.

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

Approved by order of the Governing Body and signed on its behalf by:



Chair of the Governors
Date: 29 November 2021

Independent auditor's report on the financial statements Year to 31 August 2021
Independent auditor's report to the members of Freman College

Opinion

We have audited the financial statements of Freman College (the 'charitable company') for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP 2019) and the Academies Accounts Direction 2020 to 2021.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its income and expenditure for the period then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2020 to 2021.

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Independent auditor's report on the financial statements Year to 31 August 2021

Conclusions relating to going concern (continued)

Our responsibilities and the responsibilities of the Governors with respect to going concern are described in the relevant sections of this report.

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. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the Governors' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Governors' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company 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

Independent auditor's report on the financial statements Year to 31 August 2021

Matters on which we are required to report by exception (continued)

- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of Governors

As explained more fully in the Governors' responsibilities statement, the Governors (who are also the directors 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 charitable company'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 Governors either intend to liquidate the charitable company 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company through discussions with management, and from our knowledge of the academy trust sector;
- ◆ the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;

Independent auditor's report on the financial statements Year to 31 August 2021

Auditor's responsibilities for the audit of the financial statements (continued)

- ◆ we considered the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Companies Act 2006, the Charities SORP (FRS 102), the Academies Accounts Direction 2020 to 2021, the Academies Financial Handbook 2020, and the College's funding agreement with the ESFA as well as legislation pertaining to safeguarding in the UK;
- ◆ we understood how the charitable company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of the minutes of Governors' meetings and papers provided to the Governors.
- ◆ we planned and carried out a separate limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reviewing the minutes of Governors' meetings;
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims;
- ◆ reviewing any available correspondence with Ofsted, ESFA and HMRC; and

Independent auditor's report on the financial statements Year to 31 August 2021

Auditor's responsibilities for the audit of the financial statements (continued)

- ◆ the work undertaken in relation to the limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. International Standards on Auditing also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Governors and other management and the inspection of regulatory and legal correspondence, if any.

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



Katherine Patel (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

10 December 2021

Independent Reporting Accountant's Assurance Report on Regularity to Freman College and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 13 July 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Freman College during the period 1 September 2020 to 31 August 2021 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 Freman College and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Freman College 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 Freman College and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Freman College's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Freman College's funding agreement with the Secretary of State for Education dated 16 July 2013 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts 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.

Independent Reporting Accountant's Assurance Report on Regularity to Freman College and the Education and Skills Funding Agency

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;
- Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

10 December 2021

Statement of financial activities Year to 31 August 2021

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Notes	Unrestricted General Fund £'000	Restricted		2021 Total funds £'000	2020 Total funds £'000
			General £'000	Fixed Assets Fund £'000		
Income from:						
Donations and capital grants	1	—	—	22	22	43
Charitable activities						
. Funding for the College's educational operations		—	5,892	—	5,892	5,444
. Other trading activities	2	205	—	—	205	429
Investments	3	1	—	—	1	7
Total income		<u>206</u>	<u>5,892</u>	<u>22</u>	<u>6,120</u>	<u>5,923</u>
Expenditure on:						
Charitable activities						
College's educational operations		—	5,927	510	6,437	6,503
Total expenditure		<u>—</u>	<u>5,927</u>	<u>510</u>	<u>6,437</u>	<u>6,503</u>
Net income (expenditure) before transfers		206	(35)	(488)	(317)	(580)
Transfers between funds	13	80	(120)	40	—	—
Net income (expenditure) for the year		<u>286</u>	<u>(155)</u>	<u>(448)</u>	<u>(317)</u>	<u>(580)</u>
Other recognised (losses) gains						
Actuarial (losses) on defined benefit pension schemes	18	—	(454)	—	(454)	(81)
Net movement in funds		286	(609)	(448)	(771)	(661)
Reconciliation of funds						
Fund balances brought forward at 1 September 2020		1,654	(927)	7,341	8,068	8,729
Fund balances carried forward at 31 August 2021		<u>1,940</u>	<u>(1,536)</u>	<u>6,893</u>	<u>7,297</u>	<u>8,068</u>

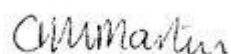
All of the College's activities derived from continuing activities in the above two financial periods.

All gains and losses are included in the statement of financial activities above.

Balance sheet at 31 August 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Tangible fixed assets	11		6,893		7,341
Current assets					
Debtors	12	60		100	
Cash at bank and in hand		2,163		1,979	
		<u>2,223</u>		<u>2,079</u>	
Liabilities					
Creditors: amounts falling due within one year	13	(283)		(425)	
Net current assets			<u>1,940</u>		<u>1,654</u>
Total assets less current liabilities					
			<u>8,833</u>		<u>8,995</u>
Pension scheme liability	18		(1,536)		(927)
Total net assets			<u>7,297</u>		<u>8,068</u>
Restricted funds					
. Fixed assets fund	14		6,893		7,341
. Restricted general fund	14		—		—
. Pension reserve	14		(1,536)		(927)
Total restricted funds	14		<u>5,357</u>		<u>6,414</u>
Unrestricted funds					
. General fund			<u>1,940</u>		<u>1,654</u>
Total funds			<u>7,297</u>		<u>8,068</u>

The financial statements on pages 28 to 51 were approved by the Governors, and authorised for issue and are signed on their behalf by:



Chair of the Governors
Date: 29 November 2021

Freman College
Company Limited by Guarantee
Registration Number: 07686458 (England and Wales)

Statement of cash flows Year to 31 August 2021

		2021	2020
		£'000	£'000
Net cash flows from operating activities			
Net cash provided by operating activities	15	224	183
Cash flows from investing activities	16	(40)	(291)
Change in cash and cash equivalents in the year		184	(108)
Cash and cash equivalents at 1 September 2020		1,979	2,087
Cash and cash equivalents at 31 August 2021	17	2,163	1,979

Principal accounting policies Year to 31 August 2021

Statement of accounting policies

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

Basis of preparation

The financial statements of the College, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements 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 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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 College to continue as a going concern. The Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the College has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the College's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All income is recognised when the College has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

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.

The 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 period is deducted from income and recognised as a liability.

Principal accounting policies Year to 31 August 2021

Statement of accounting policies (continued)

Income (continued)

Capital grants are recognised when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed assets 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 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, including the hire of facilities, is recognised in the period it is receivable and to the extent the College has provided the goods or services.

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.

Charitable activities are costs incurred on the College's educational operations, including support costs and costs relating to the governance of the College.

All expenditure is stated net of recoverable VAT.

Agency arrangements

The College 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 College does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 22.

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed assets fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed assets fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the College's depreciation policy.

Principal accounting policies Year to 31 August 2021

Statement of accounting policies (continued)

Tangible fixed assets (continued)

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

◆ College buildings	30 years straight line
◆ Furniture, fittings and equipment	4 years straight line
◆ Computer and office equipment	3 years straight line

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

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 College 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.

Leased assets

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

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 13. 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.

Statement of accounting policies (continued)

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11 Chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions benefits

Retirement benefits to employees of the College 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 College 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. As stated in note 18, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore 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 scheme and the assets are held separately from those of the College in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund accounting

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

Principal accounting policies Year to 31 August 2021

Statement of accounting policies (continued)

Fund accounting (continued)

Restricted fixed assets funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency, Department for Education or other funders where the asset acquired or created is held for a specific purpose.

Restricted ESFA funds comprise all other grants received from the Education and Skills Funding Agency.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority, Hertfordshire County Council.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The College 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 for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The net book value of tangible fixed assets is based on the original cost/value of the asset net of provision for depreciation. The depreciation provision to date is based on the Governors' assessment of the estimated useful economic lives of such assets.

Critical areas of judgement

Other than the estimates discussed above, the Governors do not consider that there are any key judgements made in the preparation of the financial statements.

Notes to the financial statements Year to 31 August 2021

1 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds £'000	2021 Total funds £'000
Capital grants	—	—	22	22
	—	—	22	22

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds £'000	2020 Total funds £'000
Capital grants	—	—	43	43
	—	—	43	43

2 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000
Hire of facilities/lettings income	2	—	2
Trip income	4	—	4
Catering income	85	—	85
Miscellaneous income	114	—	114
	205	—	205

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000
Hire of facilities/lettings income	9	—	9
Trip income	131	—	131
Catering income	134	—	134
Miscellaneous income	155	—	155
	429	—	429

3 Investments

	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000
Interest receivable	1	—	1
	1	—	1

Notes to the financial statements Year to 31 August 2021

3 Investments (continued)

	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<i>2020 Total funds £'000</i>
<i>Interest receivable</i>	7	—	7
	<u>7</u>	<u>—</u>	<u>7</u>

4 Funding for the College's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000	2020* Total funds £'000
ESFA revenue grants				
General Annual Grant (GAG)	—	5,401	5,401	5,318
Other ESFA grants				
. UIFSM	—	8	8	—
. Others	—	277	277	—
. Pupil Premium	—	64	64	97
	<u>—</u>	<u>5,750</u>	<u>5,750</u>	<u>5,415</u>
Other government grants				
Local Authority grants	—	56	56	29
	<u>—</u>	<u>56</u>	<u>56</u>	<u>29</u>
COVID-19 additional funding (DfE/ESFA)				
Catch-up premium	—	57	57	—
Other DfE/ESFA COVID-19 funding	—	29	29	—
	<u>—</u>	<u>86</u>	<u>86</u>	<u>—</u>
2021 Total funds	<u>—</u>	<u>5,892</u>	<u>5,892</u>	<u>5,444</u>

The College received £57,000 of funding for catch-up premium and costs incurred in respect of this funding totalled £57,000.

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, the College's funding for Pupil Premium is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

Notes to the financial statements Year to 31 August 2021

4 Funding for the College's educational operations (continued)

	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<i>2020 Total funds £'000</i>
ESFA revenue grants			
General Annual Grant (GAG)	—	5,318	5,318
Other ESFA grants	—	97	97
	<u>—</u>	<u>5,415</u>	<u>5,415</u>
Other government grants			
Local Authority grants	—	29	29
	<u>—</u>	<u>29</u>	<u>29</u>
<i>2020 Total funds</i>	<u>—</u>	<u>5,444</u>	<u>5,444</u>

5 Expenditure

	<i>Staff costs (note 8) £'000</i>	<i>Non pay expenditure</i>		2021 Total funds £'000
		<i>Premises £'000</i>	<i>Other costs £'000</i>	
College's educational operations (note 6)				
. Direct costs	4,292	510	898	5,241
. Allocated support costs	812	272	112	1,196
	<u>5,104</u>	<u>782</u>	<u>1,010</u>	<u>6,437</u>

	<i>Staff costs (note 8) £'000</i>	<i>Non pay expenditure</i>		<i>2020 Total funds £'000</i>
		<i>Premises £'000</i>	<i>Other costs £'000</i>	
College's educational operations (note 6)				
. Direct costs	4,116	513	647	5,276
. Allocated support costs	815	212	200	1,227
	<u>4,931</u>	<u>725</u>	<u>847</u>	<u>6,503</u>

Notes to the financial statements Year to 31 August 2021

5 Expenditure (continued)

	2021 Total funds £'000	2020 Total funds £'000
Net income (expenditure) for the year includes:		
Depreciation	510	513
Auditor's remuneration		
. Statutory audit	13	13
. Non statutory audit	3	2

6 Charitable activities - College's educational operations

Analysis of expenditure by activities	<i>Activities undertaken directly 2021 £'000</i>	<i>Support costs 2021 £'000</i>	Total funds 2021 £'000
College's educational operations	5,241	1,196	6,437

<i>Analysis of expenditure by activities</i>	<i>Activities undertaken directly 2020 £'000</i>	<i>Support costs 2020 £'000</i>	<i>Total funds 2020 £'000</i>
College's educational operations	5,276	1,227	6,503

Analysis of support costs	2021 Total funds £'000	2020 Total funds £'000
Staff costs	812	815
Technology costs	—	63
Premises costs	272	212
Other support costs	97	122
Governance costs	15	15
Total support costs	1,196	1,227

Notes to the financial statements Year to 31 August 2021

7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2020 between restricted and unrestricted funds:

	Notes	Restricted		2020 Total funds £'000	
		Unrestricted General Fund £'000	General £'000		Fixed Assets Fund £'000
Income from:					
Donations and capital grants		—	—	43	43
Charitable activities		—	5,444	—	5,444
. Funding for the College's educational operations					
. Other trading activities		429	—	—	429
Investments		7	—	—	7
Total income		436	5,444	43	5,923
Expenditure on:					
Charitable activities		(3)	5,993	513	6,503
Total expenditure		(3)	5,993	513	6,503
Net income (expenditure) before transfers		439	(549)	(470)	(580)
Transfers between funds		(630)	332	298	—
Net movement in funds before other recognised losses		(191)	(217)	(172)	(580)
Other recognised losses:					
Actuarial losses on defined benefit pension schemes		—	(81)	—	(81)
Net movement in funds		(191)	(298)	(172)	(661)
Reconciliation of funds					
Total funds brought forward		1,845	(629)	7,513	8,729
Total funds carried forward		1,654	(927)	7,341	8,068

Notes to the financial statements Year to 31 August 2021

8 Staff costs

Staff costs during the year were:

	2021 Total funds £'000	2020 Total funds £'000
Wages and salaries	3,697	3,570
Social security costs	345	333
Pension costs	969	984
	5,011	4,887
Agency staff costs	93	44
	5,104	4,931

a) Staff numbers

The average number of persons employed by the College during the year ended 31 August 2021 was as follows:

	2021 No.	2020 No.
Teachers	64	61
Administration and support	60	65
Management	7	7
	131	133

	2021 FTE	2020 FTE
Teachers	60	57
Administration and support	37	35
Management	7	7
	104	99

b) Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2021 No.	2020 No.
£60,001 - £70,000	5	6
£70,001 - £80,000	1	—
£90,001 - £100,000	—	1
£100,001 - £110,000	1	—

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2021, pension contributions for these staff amounted to £116,685 (2020 – £112,893).

8 Governors' remuneration and expenses

The Headteacher and Staff Governors only receive remuneration in respect of the services they provide undertaking their roles as employees of the College and not in respect of their services as Governors. Other Governors did not receive any payments from the College in respect of their role as Governors.

The value of Governors' annual remuneration in the year ended 31 August 2021 was as follows:

	2021 £'000	2020 £'000
Ms H Loughran (Headteacher and Governor)		
. Remuneration	100-105	95-100
. Pension contributions paid	20-25	20-25
Dr S Aguilar (Staff Governor)		
. Remuneration	45-50	45-50
. Employer's pension contributions	10-15	10-15
Mr M Grimley (Staff Governor)		
. Remuneration	40-45	40-45
. Employer's pension contributions	5-10	10-15
Dr A Vishnivetskaya (Staff Governor)		
. Remuneration	20-25	15-20
. Employer's pension contributions	5-10	0-5

During the year ended 31 August 2021 none of the Governors were reimbursed travel and subsistence expenses (2020 – none).

9 Governors' and Officers' insurance

The College has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on College business, and provides cover up to £10,000,000. It is not possible to quantify the Governors and Officers indemnity element from the overall cost of the RPA scheme.

Notes to the financial statements Year to 31 August 2021

10 Tangible fixed assets

	Freehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 1 September 2020	9,839	670	611	11,120
Additions	—	35	27	62
At 31 August 2021	<u>9,839</u>	<u>705</u>	<u>638</u>	<u>11,182</u>
Depreciation				
At 1 September 2020	2,875	376	528	3,779
Charge for the year	328	133	49	510
At 31 August 2021	<u>3,203</u>	<u>509</u>	<u>577</u>	<u>4,289</u>
Net book values				
At 31 August 2021	<u>6,636</u>	<u>196</u>	<u>61</u>	<u>6,893</u>
At 31 August 2020	<u>6,964</u>	<u>294</u>	<u>83</u>	<u>7,341</u>

For the purposes of these financial statements, the land is deemed to have no carrying value because the site is designated for educational purposes and has no open market value.

11 Debtors

	2021 £'000	2020 £'000
Trade debtors	21	39
VAT recoverable	20	—
Prepayments and accrued income	19	61
	<u>60</u>	<u>100</u>

12 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	30	—
Taxation and social security	86	85
Accruals and deferred income	167	340
	<u>283</u>	<u>425</u>
Deferred income (included above)		
Deferred income at 1 September 2020	45	90
Amounts released in the year	(45)	45
Resources deferred in the year	100	(90)
Deferred income at 31 August 2021	<u>100</u>	<u>45</u>

Notes to the financial statements Year to 31 August 2021

12 Creditors: amounts falling due within one year (continued)

Of the total deferred income balance of £100,000 (2020 – £45,000), £62,000 (2020 – £5,000) relates to grants received for the year ending 31 August 2022, £1,000 (2020 – £1,000) relates to income received in the year for College trips that are taking place in the year ending 31 August 2022, £8,000 (2020 – £8,000) relates to events that are taking place in the year ending 31 August 2022, £1,000 (2020 – £1,000) relates to courses for the year ending 31 August 2022 and £28,000 (2020 – £30,000) relates to money received from students for meals for the year ending 31 August 2022.

13 Funds

	At 1 September 2020 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 August 2021 £'000
Restricted general funds					
General Annual Grant (GAG)	—	5,401	(5,281)	(120)	—
Pupil Premium	—	64	(64)	—	—
Catch-up premium	—	57	(57)	—	—
UIFSM	—	8	(8)	—	—
Other DfE/ESFA grants	—	277	(277)	—	—
Other DfE/ESFA COVID-19 funding	—	29	(29)	—	—
Other grants	—	56	(56)	—	—
Other restricted income	—	—	—	—	—
Pension reserve	(927)	—	(155)	(454)	(1,536)
	<u>(927)</u>	<u>5,892</u>	<u>(5,927)</u>	<u>(574)</u>	<u>(1,536)</u>
Restricted fixed assets funds					
Transfer on conversion	6,977	—	(510)	—	6,467
Capital account surplus transferred from Local Authority	80	—	—	—	80
DfE/ESFA capital grants and other revenue funds	284	22	—	40	346
	<u>7,341</u>	<u>22</u>	<u>(510)</u>	<u>40</u>	<u>6,893</u>
Total restricted funds	<u>6,414</u>	<u>5,914</u>	<u>(6,437)</u>	<u>(534)</u>	<u>5,357</u>
Unrestricted funds					
General fund	1,654	206	—	80	1,940
Total unrestricted funds	<u>1,654</u>	<u>206</u>	<u>—</u>	<u>80</u>	<u>1,940</u>
Total funds	<u>8,068</u>	<u>6,120</u>	<u>(6,437)</u>	<u>(454)</u>	<u>7,297</u>

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

ESFA revenue grant fund and other restricted funds

These grants relate to the College's educational and operational activities, including the General Annual Grant.

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the College was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2021.

13 Funds (continued)

Fixed assets fund

These grants relate to funding received from the ESFA to carry out works of a capital nature. Transfers have been made from the ESFA capital grant funds to other revenue funds in respect of the expenditure on refurbishment of the College, which has been expensed in the year.

Pension reserve

The pension reserve relates to the College's Local Government Pension Scheme liability for support staff.

Comparative information

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

	At 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 August 2020 £'000
Restricted general funds					
General Annual Grant (GAG)	366	5,318	(5,690)	6	—
Pupil Premium	—	81	(81)	—	—
Other restricted income	(326)	45	(45)	326	—
Pension reserve	(672)	—	(174)	(81)	(927)
	<u>(632)</u>	<u>5,444</u>	<u>(5,990)</u>	<u>251</u>	<u>(927)</u>
Restricted fixed assets funds					
Transfer on conversion	7,192	—	(513)	298	6,977
Capital account surplus transferred from Local Authority	80	—	—	—	80
DfE/ESFA capital grants and other revenue grants	241	43	—	—	284
	<u>7,513</u>	<u>43</u>	<u>(513)</u>	<u>298</u>	<u>7,341</u>
Total restricted funds	<u>6,881</u>	<u>5,487</u>	<u>(6,503)</u>	<u>549</u>	<u>6,414</u>
Unrestricted funds					
General fund	1,848	436	—	(630)	1,654
Total unrestricted funds					
Total funds	<u>8,729</u>	<u>5,923</u>	<u>(6,503)</u>	<u>(81)</u>	<u>8,068</u>

Notes to the financial statements Year to 31 August 2021

14 Analysis of net assets between funds

	Restricted funds			2021 Total funds £'000
	Unrestricted fund £'000	General fund £'000	Fixed assets fund £'000	
Fund balances at 31 August 2021 are represented by:				
Tangible fixed assets	—	—	6,893	6,893
Current assets	1,940	283	—	2,223
Current liabilities	—	(283)	—	(283)
Pension scheme liability	—	(1,536)	—	(1,536)
Total net assets	1,940	(1,536)	6,893	7,297

	Restricted funds			2020 Total funds £'000
	Unrestricted fund £'000	General fund £'000	Fixed assets fund £'000	
<i>Fund balances at 31 August 2020 are represented by:</i>				
<i>Tangible fixed assets</i>	—	—	7,341	<i>7,341</i>
<i>Current assets</i>	1,654	425	—	<i>2,079</i>
<i>Creditors due within one year</i>	—	(425)	—	<i>(425)</i>
<i>Provisions for liabilities and charges</i>	—	(927)	—	<i>(927)</i>
Total net assets	1,654	(927)	7,341	8,068

15 Reconciliation of net expenditure to net cash flow from operating activities

	2021 £'000	2020 £'000
Net expenditure for the period (as per Statement of Financial Activities)		
Net expenditure for the reporting period (as per the statement of financial activities)	(317)	(580)
Adjustments for:		
Depreciation	510	513
Capital grants from DfE and other capital income	(22)	(43)
Interest receivable	(1)	(7)
Defined benefit pension scheme cost less contributions payable	138	159
Defined benefit pension scheme finance cost	17	15
Decrease in debtors	40	55
(Decrease)/Increase in creditors	(141)	71
Net cash provided by operating activities	224	183

Notes to the financial statements Year to 31 August 2021

16 Cash flows from investing activities

	2021 £'000	2020 £'000
Dividends, interest and rents from investments	1	7
Purchase of tangible fixed assets	(62)	(341)
Capital grants from DfE	21	43
Net cash used in investing activities	(40)	(291)

17 Analysis of cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank	2,163	1,979
Total cash and cash equivalents	2,163	1,979

18 Pension and similar obligations

The College'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 2019.

No contributions were payable to the schemes at 31 August 2021 (2020 – none).

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 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);

18 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

- ◆ 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; and
- ◆ the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The employer's pension costs paid to TPS in the period amounted to £665,652 (2020 – £268,200).

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

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

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £192,000 (2020 – £204,000) of which employer's contributions totalled £151,000 (2020 – £163,000) and employees' contributions totalled £41,000 (2020 – £41,000). The agreed contribution rates for future years are as for 2020/21 for employers and employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an academy trust 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	At 31 August 2021	At 31 August 2020
Rate of increase in salaries	3.30	2.60
Rate of increase for pensions in payment / inflation	2.90	2.20
Discount rate for scheme liabilities	1.70	1.70
Inflation assumption (CPI)	2.90	2.20

Notes to the financial statements Year to 31 August 2021

18 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

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

	At 31 August 2021	At 31 August 2020
<i>Retiring today</i>		
Males	22.1	21.9
Females	24.5	24.1
<i>Retiring in 20 years</i>		
Males	23.2	22.8
Females	26.2	25.5

Sensitivity analysis – Resultant net pension liability from a change in actuarial assumptions at 31 August 2021

	£'000
Discount rate -0.1%	103
Rate of increase in salaries +0.1%	13
CPI rate +0.1%	88

The College's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2021 £'000	Fair value at 31 August 2020 £'000
Equities	1,319	1,076
Corporate bonds	722	711
Property	274	183
Cash and other liquid assets	174	61
Total market value of assets	2,489	2,031
Present value of scheme liabilities		
. Funded	(4,025)	(2,958)
Deficit in the scheme	(1,536)	(927)

The actual return on scheme assets was £458,000 (2020 – £147,000).

	2021 £'000	2020 £'000
Amounts recognised in statement of financial activities		
Current service cost	289	322
Net interest cost	15	8
Total operating charge	304	330

18 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Changes in the present value of defined benefit obligations were as follows:	2021 £'000	2020 £'000
At 1 September 2020	2,958	2,428
Interest cost	53	50
Employee contributions	41	41
Current service cost	289	322
Actuarial loss	697	133
Benefits paid	(13)	(16)
At 31 August 2021	4,025	2,958

Changes in the fair value of the College's share of scheme assets:	2021 £'000	2020 £'000
At 1 September 2020	2,031	1,756
Interest income	36	35
Actuarial gain	243	52
Employer contributions	151	163
Employee contributions	41	41
Benefits paid	(13)	(16)
At 31 August 2021	2,489	2,031

19 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 £1 for the debts and liabilities contracted before he/she ceases to be a member

20 Related party transactions

Owing to the nature of the College's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account, other than certain Governors' remuneration already disclosed in note 8.

Notes to the financial statements Year to 31 August 2021

21 Commitments under operating leases

At 31 August 2021, the total of the College's future minimum lease payments under non-cancellable operating leases was as follows:

	2021 £'000	2020 £'000
Amounts due within one year	9	18
Amounts due between one and five years inclusive	5	28
	14	46

22 Agency arrangements

The College distributes 16-19 bursary funds to students as an agent for ESFA. In the year ended 31 August 2021 the College received £11,000 (2020 – £15,000) and disbursed £10,000 (2020 – £8,000) from the fund. An amount of £8,000 (2020 – £7,000) is included in creditors relating to undistributed funds repayable to the ESFA.