

**OUR CHILDREN 1ST**  
(A Company Limited by Guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**OUR CHILDREN 1ST**  
**(A Company Limited by Guarantee)**

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**OUR CHILDREN 1ST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS**

**Members**

Prof G Henderson CBE DL  
Mr R Brown  
Ms J Davies  
Mrs A Kerr  
Mr G Lamb

**Governors**

Mr R Brown, Chair  
Mrs H Bone  
Mr L Clarke  
Ms J Davis  
Mrs R Jessop  
Mrs C Jones (resigned 10 July 2019)  
Mrs J Thackstone  
Mrs C Wain OBE, CEO and accounting officer  
Mr S Williams

**Company registered number**

10631500

**Company name**

Our Children 1st

**Principal and registered office**

Pallister Park Primary School  
Gribdale Road  
Middlesbrough  
TS3 8PW

**Senior leadership team**

Mrs C Wain OBE, CEO/Head Teacher  
Mrs H Adams, Deputy Head  
Mrs A Gribbon, Assistant Head  
Mrs H Newbold, Assistant Head  
Mr A Oliver, Assistant Head  
Mr M Waterfield, Senior Teacher  
Mrs N Russell, Chief Finance Officer

**Independent auditors**

Clive Owen LLP  
Chartered Accountants and Statutory Auditors  
140 Coniscliffe Road  
Darlington  
County Durham  
DL3 7RT

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**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Bankers**

Lloyds Bank plc  
83/85 Linthorpe Road  
Middlesbrough  
TS1 5BU

**Solicitors**

Muckle LLP  
32 Gallowgate  
Newcastle Upon Tyne  
NE1 4BF

**OUR CHILDREN 1ST**  
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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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

The academy trust operates an academy for pupils aged 11 to 16 serving a catchment area in Pallister Park, Middlesbrough. It has a pupil capacity of 525 plus provision for 130 Nursery places and had a roll of 640 in the school census on 16 May 2019 including Nursery children.

Children are admitted into the academy trust following the Middlesbrough Council's Admission scheme and on our website.

### **Structure, Governance and Management**

#### **Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Governors of Our Children 1st are also the Directors of the charitable company for the purposes of company law. The charitable company operates as Our Children 1st.

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

#### **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' Indemnities**

The academy trust has purchased insurance to protect Governors from claims arising against negligent acts, errors or omissions occurring whilst on academy trust business. Further details are provided in note 12.

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

The Members appoint a minimum of 3 Governors. The term of office for any Governor shall be 4 years. This time limit shall not apply to the CEO or any post held ex-officio. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

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

The training and induction provided for new Governors depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new Governors are given a tour of the academy trust and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only one or two Governors a year, induction tends to be done informally and is tailored specifically to the individual.

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Organisational Structure**

During the year the academy trust continued to operate a unified management structure. The structure consists of levels: The Members, The Governors, Local Governing Body, Senior Leadership Team, Middle Management supported by the Teaching Learning Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Members will oversee key objectives of the academy trust, performance accounts and annual reports to Governors. They will be responsible to appoint Governors and comply with the articles of association.

The Governors will set aims and objectives in accordance with charitable objects set out in the articles, ensuring articles are fit for purpose, monitor and evaluate performance against aims and objects, appoint/remove the LGB members, create a vision for the MAT, proper stewardship of funds and ensure the efficiency and effectiveness of use in accordance with the law and the Academy Financial Handbook.

The Middle Management of the academy trust is centred on teaching and learning and our Subject leads are supported by our Assistant Heads to ensure our day to day practice and procedures remain at the highest standard.

**Arrangements for setting pay and remuneration of key management personnel**

The academy trust Board aim to follow the nationally and locally agreed pay settlement. The Head Teacher is appraised by a panel consisting of Governors supported by a suitably skilled and/or experienced external consultant who has been appointed by the Board of Governors solely for that purpose. The task of appraising the Head Teacher including the setting of objectives will be delegated to a sub group consisting of normally 3 members of the Board of Governors. The external consultant is not responsible for returning a recommendation to the Board of Governors on whether an increment should be awarded to the Head Teacher following the review, this is a matter for the Governors alone, however they should take account of any advice offered. The rest of the Senior Leadership Team and the TLRs are appraised by the Head Teacher with pay recommendations made to the Board of Governors.

**Trade union facility time**

There are no employees who were relevant union officials during the period 1 September 2018 to 31 August 2019.

**Related Parties and other Connected Charities and Organisations**

Mrs H Bone and Mrs J Thackstone are senior leaders of Green Lane Primary Academy.

H Secker, daughter of L Clarke, a Governor, is employed by the academy trust as a teacher.

M Suthers, son in law of C Wain OBE, CEO and a Governor of the academy trust, is employed by the academy trust as a teacher.

Further details of related party transactions during the year are included in note 24 of the financial statements.

**Objectives and Activities**

1. To provide a supportive team around each child.
2. To create an environment that supports learning.
3. To ensure recruitment and retention of high quality staff.
4. To encourage collaboration with all schools in Middlesbrough to play to strengths of each and create opportunities to learn and develop.

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Objects and Aims**

The principal object and activity of the charitable company is the operation of Our Children 1st, to provide education for students of different abilities between the ages of 2 and 11.

In accordance with the articles of association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specified, amongst other things, the basis for admitting students to the academy trust, the catchment area from which the students are drawn, and that the curriculums should comply with the substance of the national curriculum with emphasis on sports and disadvantaged pupils.

The main objectives of the academy trust during the year ended 31 August 2019 are as summarised below:

- To increase % of pupils achieving Greater Depth in Writing at the end of Key Stage 2.
- To further narrow the gap between disadvantaged pupils and their peers at the end of Key Stage 2.
- To be in line with national outcomes at the end of Key Stage 2.

**Objectives, Strategies and Activities**

The academy trust's main objectives are encompassed in its mission statement which is outlined in our vision and values document. To this end the objectives and the strategies used to achieve them include:

- *To increase % of children achieving Greater depth in Writing at the end of Key Stage 2.*  
CPD has been provided on moderation of writing, talk for writing, grammar and spelling throughout the year. Quality feedback and modelling of work has been integral to individual progress in writing and enabling children to build on mistakes and recognise how to improve the quality of writing. Collaborating with other schools to share best practice and ensure accuracy of levelling of work and whole school book scrutinies.
- *To further narrow the gap between disadvantaged and their peers and the end of Key Stage 2.*  
Additional staffing to enable smaller group sizes to support individuals at their level and ensure pupils are challenged. Evaluation and discussion of assessments at pupil progress meetings so teachers are aware of performance of individuals and the next steps required to ensure they meet targets. Additional support around parental engagement and strategies to support the child via our Vulnerable Pupil Support managers where required. Investment in trips and activities which broaden experiences to enhance curriculum knowledge.
- *To be in line with national outcomes at the end of Key Stage 2.*  
Whole school focus on reading and writing to develop progression of skills. Use of assessment data to understand which pupils are working towards targets and provide additional support where necessary. Additional teachers to provide high quality lessons every day to ensure pupils have best opportunity to achieve. Investment in additional reading schemes online to develop reading speed and comprehension for year 5 and year 6 pupils. Investment in Times Table online program to promote basic skills acquisition in years 3 and 4.

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between 2 and 11.

**Public Benefit**

The academy trust's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Governors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Governors have considered this guidance in deciding what activities the academy trust should undertake.

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Strategic Report**

**Achievements and Performance**

**Key Stage 2**

The percentage of pupils achieving the expected standard or above is 65%. The percentage achieving the standard has increased by 5%. Overall this cohort is in line with the National average (NAT 65%).

**KS2 Reading**

	2017		2018		2019	
	Pupils	%	Pupils	%	Pupils	%
All	61	72	63	68	60	68
Girls	33	85	32	75	30	83
Boys	28	57	31	61	30	53
Dis	45	71	50	68	40	68

**KS2 Writing**

	2017		2018		2019	
	Pupils	%	Pupils	%	Pupils	%
All	61	59	63	70	60	78
Girls	33	64	32	81	30	90
Boys	28	54	31	58	30	67
Dis	45	60	50	68	40	75

**KS2 Maths**

	2017		2018		2019	
	Pupils	%	Pupils	%	Pupils	%
All	61	92	63	89	60	88
Girls	33	94	32	88	30	93
Boys	28	89	31	90	30	83
Dis	45	91	50	86	40	85

There is 'no discernable differences in attainment and progress' between our disadvantaged students and their peers.

**KS2 Reading Progress**

	2017		2018		2019	
	Pupils	Score	Pupils	Score	Pupils	Score
All	58	2.2	60	0.1	60	-0.4
Girls	32	3.0	31	0.0	30	1.0
Boys	26	1.2	29	0.2	30	-1.8
Dis	44	2.7	47	-0.1	40	-0.4

**KS2 Writing Progress**

	2017		2018		2019	
	Pupils	Score	Pupils	Score	Pupils	Score
All	58	-1.4	61	-1.0	60	0.9
Girls	32	-2.0	31	0.2	30	2.0
Boys	26	-0.8	30	-2.2	30	-0.2
Dis	44	-0.9	48	-1.6	40	0.8

**KS2 Maths Progress**

	2017		2018		2019	
	Pupils	Score	Pupils	Score	Pupils	Score
All	58	7.4	60	5.1	60	2.4
Girls	32	6.0	31	4.2	30	1.7
Boys	26	9.1	29	6.0	30	3.0
Dis	44	7.5	47	4.4	40	1.8

**Key Stage 1**

The performance of KS1 has increased by at least 10% in all areas this year. The percentage of pupils achieving the expected standard or above in reading is 57%, this has increased by 10%. In writing again it is a 10% increase to 56%. Maths has risen by 13% to 68%.

**KS1 Maths**

	2017		2018		2019	
	Pupils	%	Pupils	%	Pupils	%
All	61	69	89	55	84	68
Girls	26	62	43	58	36	56
Boys	35	74	46	52	48	77
Dis	37	39	50	48	46	61

**KS1 Reading**

	2017		2018		2019	
	Pupils	%	Pupils	%	Pupils	%
All	61	64	89	47	84	57
Girls	26	69	43	53	36	56
Boys	35	60	46	41	48	58
Dis	37	62	50	42	46	50

**KS1 Writing**

	2017		2018		2019	
	Pupils	%	Pupils	%	Pupils	%
All	61	57	89	46	84	56
Girls	26	62	43	51	36	58
Boys	35	54	46	41	48	54
Dis	37	54	50	40	46	54



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**GOVERNORS' REPORT (CONTINUED)**  
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There has been a decrease in performance of phonics compared to last year. 54% of this cohort are disadvantaged.

Year 1 Phonics

	2017		2018		2019	
	Pupils	%	Pupils	%	Pupils	%
All	87	47	78	82	76	68
Girls	39	49	33	79	35	71
Boys	48	46	45	84	41	66
Dis	48	40	40	75	41	56

### EYFS

The percentage of children achieving a good level of development (GLD) is 48%. This has decreased from last year by 14%

### Key Performance Indicators

Key Performance Indicators for the academic year 2018/19 are as follows:

Total income per pupil	£5,208
Staff costs per pupil	£3,236
Total costs per pupil	£5,079
Staff costs as % of total costs	64%
Staff costs as % of total income	62%
Pupil to teacher ratio	28:1

The academy trust is satisfied that income and expenditure meets the needs of the current cohort of children.

### Going Concern

After making appropriate enquiries, the Board of Governors has a reasonable expectation that the academy trust 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.

### Financial Review

Most of the academy trust's income is obtained from the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy trust also received grants for fixed assets from the DfE/ESFA. In accordance with the Charities Statement of Recommended practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown under the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2019, total expenditure of £3,225,000 was exceeded by recurrent grant funding from DfE/ESFA together with other incoming resources. The excess of income over expenditure for the year, before transfers and actuarial gains/losses, and excluding restricted fixed asset funds was £280,000. The in year surplus (excluding movements in pension reserve and restricted fixed asset funds) was £374,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academies objectives.

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

At 31 August 2019 net book value of fixed assets was £5,058,000 and movements in tangible fixed assets are shown in note 13 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy trust.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of LGPS pension scheme, resulting in a deficit of £566,000 recognised on the Balance Sheet.

The academy trust held fund balances as at 31 August 2019 of £5,051,000 comprising £357,000 of restricted general funds, £5,058,000 of restricted fixed asset funds, a pension deficit of £566,000 and £202,000 of unrestricted funds.

**Reserves Policy**

The academy trust holds restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held:

- To provide funds which can be designated to specific areas such as curriculum and enhance the quality of the provision for the children
- To cover ongoing costs in relation to the running of the academy trust including catering provisions, school trips and uniform costs

The level of reserves is reviewed by Governors regularly throughout the year. The minimum level of reserves for the ongoing needs of the academy trust is reviewed by the Governors on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors therefore consider it is prudent to hold reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £235,000.

This is considered sufficient to cover the in-year operational costs of the school whilst attempting to create a revenue contribution to capital.

The academy trust's current level of free reserves are in surplus by £202,000, in addition the academy trust had GAG reserves of £357,000, and therefore are considered to be above the level of reserves required for the ongoing needs of the academy trust. The academy trust has retained this level of reserves as it was unsuccessful in a CIF bid and needs to extend its classroom space.

**Investment Policy**

The policy of the Trust is not to invest any surplus funds.

**Principal Risks and Uncertainties**

The principal risks and uncertainties are centered on changes in the level of funding from DfE/ESFA. In addition, the academy trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy trust balance sheet.

The Governors have assessed the major risks, to which the academy trust is exposed, in particular those relating specifically to teaching provision of facilities and other operational areas of the academy trust, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The academy trust has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

The academy trust is subject to a number of risks and uncertainties in common with other academies. The academy trust has in place procedures to identify and mitigate financial risks.

**Disabled Persons**

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all main areas of the academy trust. The policy of the academy trust is to support recruitment and retention of students and employees with disabilities. The academy trust does this by adapting the physical environment by making support resources available and through training and career development.

**Fundraising**

The academy trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Governors.

**Plans for Future Periods**

The plans for future periods are as follows:

- (a) To increase percentage of children achieving Good levels of Developments
- (b) To increase percentage of children passing phonics test in Year 1
- (c) To increase percentage of children achieving expected standard in all subjects in KS1
- (d) To increase percentage of children achieving greater depth in writing at KS2

**Auditor**

Insofar as the Governors are aware:

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

Governors' report, incorporating a strategic report, was approved by order of the Board of Governors, as the company Governors, on 27 November 2019 and signed on the board's behalf by:



**Mr R Brown**  
Chair

**OUR CHILDREN 1ST**  
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**GOVERNANCE STATEMENT**

**Scope of responsibility**

As Governors, we acknowledge we have overall responsibility for ensuring that Our Children 1st has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Governors has delegated the day-to-day responsibility to the CEO, 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 Our Children 1st and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

**Governance**

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

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

Governor	Meetings attended	Out of a possible
Mr R Brown, Chair	5	6
Mrs H Bone	6	6
Mr L Clarke	5	6
Ms J Davis	3	6
Mrs R Jessop	6	6
Mrs C Jones	3	6
Mrs J Thackstone	6	6
Mrs C Wain OBE, CEO and accounting officer	5	5
Mr S Williams	6	6

The Scheme of Delegation has been evaluated and updated to ensure correct coverage of remits and responsibilities for the MAT. A review of the year from a governance point of view is planned for the start of the next academic year in order to ensure any areas for improvement are initiated to make the academy trust Board more effective.

Ofsted commented in July 2019;

"All Governors are appointed for the skills they bring. A skills audit has been undertaken to ensure newly appointed Governors possess the skills they need to help them undertake their strategic duties effectively"

"Governors know the school well because of the frequent visits they make. They have a high profile in the school."

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**GOVERNANCE STATEMENT (CONTINUED)**

**Review of value for money**

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

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Governors where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by ensuring that services are delivered to a high standard, covering both cost and quality by the most effective, economic and efficient means. The school constantly reviews its performance and aims to improve by following its school improvement plan and post Ofsted Inspection Action Plan. The school is constantly aware of the need to challenge how and why a service is provided encouraging competition as a means of securing efficient and effective services. Staff adhere to the financial policies of Our Children 1st.

**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Our Children 1st for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

**Capacity to handle risk**

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

**The risk and control framework**

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

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

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

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**GOVERNANCE STATEMENT (CONTINUED)**

**The risk and control framework (continued)**

The internal auditor's 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:

- review of leadership and governance
- review of people management
- review of School Development Plan and budgeting process
- review of tendering process
- review of reporting processes
- testing of financial/accounting records and systems
- review of data security process
- testing of income systems
- testing of purchase and cash control systems
- testing of payroll system
- review of assets and insurance processes
- testing of VAT and other taxations
- testing of year end procedures

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

The internal auditors have delivered their schedule of work as planned and no material control issues have arisen as a result of their work.

**Review of effectiveness**

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

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

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

Approved by order of the members of the Board of Governors on 27 November 2019 and signed on their behalf



Mr R Brown  
Chair



Mrs C Wain OBE  
Accounting Officer

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As accounting officer of Our Children 1st I have considered my responsibility to notify the academy trust Board of Governors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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



Mrs C Wain OBE  
Accounting Officer  
Date: 27 November 2019

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**STATEMENT OF GOVERNORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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

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

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

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

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

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

Approved by order of the members of the Board of Governors on 27 November 2019 and signed on its behalf  
by:



Mr R Brown  
Chair



**OUR CHILDREN 1ST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF OUR CHILDREN 1ST**

**Opinion**

We have audited the financial statements of Our Children 1st (the 'academy trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

**OUR CHILDREN 1ST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF OUR CHILDREN 1ST (CONTINUED)**

**Other information**

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

**OUR CHILDREN 1ST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF OUR CHILDREN 1ST (CONTINUED)**

**Responsibilities of Governors**

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

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

**Auditors' responsibilities for the audit of the financial statements**

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

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

**Use of our report**

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

*Clive Owen LLP*

Kevin Shotton BA FCA (Senior Statutory Auditor)  
for and on behalf of  
**Clive Owen LLP**  
Chartered Accountants and Statutory Auditors  
140 Coniscliffe Road  
Darlington  
County Durham  
DL3 7RT

27 November 2019

**OUR CHILDREN 1ST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO OUR CHILDREN 1ST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 19 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Our Children 1st during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Our Children 1st and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Our Children 1st 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 Our Children 1st and ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Our Children 1st's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Our Children 1st's funding agreement with the Secretary of State for Education dated 23 March 2017 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**OUR CHILDREN 1ST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO OUR CHILDREN 1ST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Review documentation provided to Directors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Directors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy;
- Review whistleblowing procedures;
- Review pay policy and factors determining executive pay;
- Review of staff expenses;
- Review other income to ensure is in line with funding agreement;
- Review governance structure and number of meetings held; and
- Review whether there is a risk register in place.

**Conclusion**

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

*Clive Owen LLP*

**Clive Owen LLP**  
**Reporting Accountant**  
140 Coniscliffe Road  
Darlington  
County Durham  
DL3 7RT

Date: 27 November 2019

**OUR CHILDREN 1ST**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2019**


	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
<b>Income from:</b>						
Donations and capital grants	3	-	-	31	31	16
Charitable activities	4	22	2,986	-	3,008	2,801
Teaching schools	25	154	119	-	273	225
Other trading activities	5	24	-	-	24	45
Investments	6	-	2	-	2	-
<b>Total income</b>		<u>200</u>	<u>3,107</u>	<u>31</u>	<u>3,338</u>	<u>3,087</u>
<b>Expenditure on:</b>						
Charitable activities		46	2,646	198	2,890	3,032
Teaching schools		187	148	-	335	371
Other expenditure		-	-	-	-	-
<b>Total expenditure</b>		<u>233</u>	<u>2,794</u>	<u>198</u>	<u>3,225</u>	<u>3,403</u>
<b>Net (expenditure)/ income</b>		<u>(33)</u>	<u>313</u>	<u>(167)</u>	<u>113</u>	<u>(316)</u>
Transfers between funds	16	-	(3)	3	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<u>(33)</u>	<u>310</u>	<u>(164)</u>	<u>113</u>	<u>(316)</u>
<b>Other recognised gains/(losses):</b>						
Actuarial gains/(losses) on defined benefit pension schemes	21	-	(469)	-	(469)	150
<b>Net movement in funds</b>		<u>(33)</u>	<u>(159)</u>	<u>(164)</u>	<u>(356)</u>	<u>(166)</u>
<b>Reconciliation of funds:</b>						
Total funds brought forward		235	(50)	5,222	5,407	5,573
Net movement in funds		(33)	(159)	(164)	(356)	(166)
<b>Total funds carried forward</b>		<u>202</u>	<u>(209)</u>	<u>5,058</u>	<u>5,051</u>	<u>5,407</u>

**OUR CHILDREN 1ST**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 10631500**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2019**

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	13	5,058	5,202
		5,058	5,202
<b>Current assets</b>			
Debtors	14	315	350
Cash at bank and in hand		494	259
		809	609
Creditors: amounts falling due within one year	15	(250)	(404)
		559	205
<b>Net current assets</b>		559	205
<b>Total assets less current liabilities</b>		5,617	5,407
<b>Net assets excluding pension liability / asset</b>		5,617	5,407
Defined benefit pension scheme liability / asset	21	(566)	-
		5,051	5,407
<b>Total net assets</b>		5,051	5,407
<b>Funds of the academy trust</b>			
<b>Restricted funds:</b>			
Fixed asset funds	16	5,058	5,222
Restricted income funds	16	357	(50)
		5,415	5,172
Restricted funds excluding pension asset	16	5,415	5,172
Pension reserve	16	(566)	-
		4,849	5,172
<b>Total restricted funds</b>	16	4,849	5,172
<b>Unrestricted income funds</b>	16	202	235
		5,051	5,407
<b>Total funds</b>		5,051	5,407

The financial statements on pages 20 to 47 were approved by the Governors, and authorised for issue on 27 November 2019 and are signed on their behalf, by:

  
 Mr R Brown  
 Chair

**OUR CHILDREN 1ST**  
**(A Company Limited by Guarantee)**

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2019**

	Note	2019 £000	2018 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	18	258	65
<b>Cash flows from investing activities</b>	19	(23)	(169)
<b>Change in cash and cash equivalents in the year</b>		235	(104)
Cash and cash equivalents at the beginning of the year		259	363
<b>Cash and cash equivalents at the end of the year</b>	20	494	259



**OUR CHILDREN 1ST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**1. Accounting policies**

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

**1.1 Basis of preparation of financial statements**

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

Our Children 1st meets the definition of a public benefit entity under FRS 102.

**1.2 Going concern**

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

**OUR CHILDREN 1ST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**1. Accounting policies (continued)**

**1.3 Income**

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

• **Grants**

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

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

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

• **Sponsorship income**

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

• **Other income**

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

• **Transfer on conversion**

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

• **Transfer of existing academies into the academy trust**

Where assets are received on the transfer of an existing academy into the trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the Transfer of an existing academy into the trust within Donations and capital grant income.

• **Donated fixed assets (excluding transfers on conversion or into the academy trust)**

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated.

**OUR CHILDREN 1ST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**1. Accounting policies (continued)**

**1.4 Expenditure**

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

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 Tangible fixed assets**

Assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Long-term leasehold property	- over 25 years
Long-term leasehold land	- over 125 years

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

**1.6 Operating leases**

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

**1.7 Debtors**

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

**OUR CHILDREN 1ST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**1. Accounting policies (continued)**

**1.8 Cash at bank and in hand**

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

**1.9 Liabilities and provisions**

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.10 Financial instruments**

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

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

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

**1.11 Taxation**

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

Accordingly, the academy trust 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.

**OUR CHILDREN 1ST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**1. Accounting policies (continued)**

**1.12 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. 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 academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities incorporating Income and Expenditure Account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

**1.13 Fund accounting**

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

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

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

**OUR CHILDREN 1ST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**2. Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Depreciation — Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £198,000.

Critical areas of judgment:

LGPS Pension - There are two recent court cases which could impact on the future liabilities associated with the LGPS scheme, McCloud Sargeant (McCloud) and GMP Indexation and Equalisation (GMP).

McCloud

In 2015 the government introduced reforms to public sector pensions resulting in most public sector workers being transferred to a new scheme. In December 2018, the Court of Appeal ruled that the 'transitional protections' offered to some members of the judges and firefighter schemes as part of the reforms amounted to unlawful discrimination. While the judgement was not in relation to the LGPS it is reasonable to expect that it will need to be applied to this scheme by the government. Actuaries have estimated that the additional liabilities associated with this to be around 3-4% of active liabilities. As this has been considered to be potentially material to the financial statements the year end valuation performed by the actuary has included an approximate calculation of the McCloud valuation. This has increased the LGPS liability by £36,000 as at 31 August 2019.

GMP

This case related to the equalisation for men and women of guaranteed minimum pension (GMP) for those who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled that equalisation of GMP was required. This case was in relation to Lloyds Bank and HM Treasury have since gone on record to state public sector schemes have a method to equalise GMP already. There is however some judgement in how this equalisation works and is reflected in the LGPS valuations. Actuaries have estimated that the impact of GMP indexation to be around 0.3% of total liabilities. Based on this estimate it would increase liabilities by £7,000 which has been assessed to be immaterial to the financial statements.

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**2. Critical accounting estimates and areas of judgment (continued)**

Land and buildings — Land is held under a 125 year lease from Middlesbrough Borough Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.

**3. Income from donations and capital grants**

	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Capital Grants	31	31	16
	<hr/>	<hr/>	
Total 2018	16	16	
	<hr/>	<hr/>	

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

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	2,209	2,209	2,076
Pupil Premium	-	384	384	391
PE Teacher Grant	-	20	20	20
UIFSM	-	71	71	49
Other DfE Group grants	-	19	19	-
	-	2,703	2,703	2,536
<b>Other Government grants</b>				
SEN	-	7	7	6
Early Years Funding	-	256	256	233
Local Authority grants	-	16	16	2
	-	279	279	241
<b>Other funding</b>				
Non Government grants	-	4	4	1
Student Catering	22	-	22	23
	22	4	26	24
	22	2,986	3,008	2,801
	23	2,778	2,801	
Total 2018				

**5. Income from other trading activities**

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Hire of facilities	10	10	11
Non student catering income	1	1	19
Other	13	13	15
	24	24	45



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**6. Investment income**

	Total funds 2019 £000
Net interest income on pension scheme	2

**7. Expenditure**

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000	Total 2018 £000
Academy's educational operations:					
Direct costs	1,407	-	153	1,560	1,578
Allocated support costs	648	331	351	1,330	1,454
Teaching school	-	-	335	335	371
	2,055	331	839	3,225	3,403
	2,091	299	1,013	3,403	
Total 2018					

In 2019 of the total expenditure £203,000 (2018 - £231,000) was to unrestricted funds, £2,814,000 (2018 - £2,974,000) was to restricted funds, and £198,000 (2018 - £198,000) was to restricted fixed assets.

There were no individual transactions exceeding £5,000 for:

- Compensation payments
- Gifts made by the trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

There were no ex-gratia payments in the year.

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**8. Analysis of expenditure by activities**

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Academy's educational operations	1,560	1,330	2,890	3,032
Total 2018	1,578	1,454	3,032	

**Analysis of direct costs**

	Total funds 2019 £000	Total funds 2018 £000
Staff costs	1,407	1,423
Educational supplies	130	132
Staff development	2	-
Technology costs	20	3
Supply insurance	-	16
Other costs	1	4
	1,560	1,578

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**8. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

	Total funds 2019 £000	Total funds 2018 £000
Net interest cost on pension scheme	-	1
Staff costs	648	668
Depreciation	198	198
Technology costs	50	27
Maintenance of premises	34	92
Cleaning	78	112
Other premises costs	16	3
Energy	13	31
Rent & rates	12	5
Catering	167	224
Other insurance premiums	22	19
Other costs	64	10
Governance costs	28	64
	<u>1,330</u>	<u>1,454</u>

**9. Net (expenditure)/income**

Net (expenditure)/income for the year includes:

	2019 £000	2018 £000
Operating lease rentals	-	2
Depreciation of tangible fixed assets	198	198
Fees paid to auditors for:		
- audit	7	7
- other services	4	3
	<u>209</u>	<u>210</u>

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**10. Staff costs**

**a. Staff costs**

Staff costs during the year were as follows:

	2019 £000	2018 £000
Wages and salaries	1,574	1,620
Social security costs	126	140
Pension costs	355	331
	<u>2,055</u>	<u>2,091</u>

Included within operations costs of defined benefit pension scheme is a debit of £99,000 (2018: £77,000) relating to pension deficit actuarial adjustment.

**b. Staff numbers**

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

	2019 No.	2018 No.
Teaching	24	21
Educational Support	55	57
Admin & Management	7	7
	<u>86</u>	<u>85</u>

**c. Higher paid staff**

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

	2019 No.	2018 No.
In the band £70,001 - £80,000	<u>1</u>	<u>1</u>

The key management personnel of the academy trust comprise the Governors and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer national insurance and employer pension contributions) received by key management personnel for their service to the academy trust was £449,000 (2018: £452,000).

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**11. Governors' remuneration and expenses**

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

		2019 £000	2018 £000
Mrs R Jessop	Remuneration	0 - 5	5 - 10
	Pension contributions paid	0 - 5	0 - 5
Mrs C Wain	Remuneration	70 - 75	75 - 80
	Pension contributions paid	10 - 15	10 - 15

During the year ended 31 August 2019, no Governor expenses have been incurred (2018 - £1,000).

**12. Governors' and Officers' insurance**

In accordance with normal commercial practice the academy trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim and it is not possible to quantify the Governors and officers indemnity element from the overall insurance scheme for the year ended 31 August 2019 (2018: £nil).

**13. Tangible fixed assets**

	Long-term leasehold property £000
<b>Cost or valuation</b>	
At 1 September 2018	5,482
Additions	54
At 31 August 2019	<u>5,536</u>
<b>Depreciation</b>	
At 1 September 2018	280
Charge for the year	198
At 31 August 2019	<u>478</u>
<b>Net book value</b>	
At 31 August 2019	<u><u>5,058</u></u>
At 31 August 2018	<u><u>5,202</u></u>

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**14. Debtors**

	2019 £000	2018 £000
Trade debtors	20	108
VAT recoverable	220	155
Prepayments and accrued income	75	87
	<u>315</u>	<u>350</u>

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

	2019 £000	2018 £000
Other loans	-	180
Trade creditors	139	65
Other taxation and social security	38	47
Other creditors	22	23
Accruals and deferred income	51	89
	<u>250</u>	<u>404</u>

	2019 £000	2018 £000
Deferred income at 1 September 2018	41	37
Resources deferred during the year	40	41
Amounts released from previous periods	(41)	(37)
	<u>40</u>	<u>41</u>

Deferred income relates to UIFSM income relating to the period ended 31 March 2020.

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**16. Statement of funds**

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
<b>Unrestricted funds</b>						
General Funds	235	200	(233)	-	-	202
<b>Restricted general funds</b>						
General Annual Grant (GAG)	68	2,209	(1,917)	(3)	-	357
Pupil Premium	-	384	(384)	-	-	-
Other DfE/ESFA Grants	-	110	(110)	-	-	-
SEN	-	7	(7)	-	-	-
Other government grants	-	272	(272)	-	-	-
Teaching Schools	62	119	(181)	-	-	-
Other grants	-	4	(4)	-	-	-
Loan on conversion	(180)	-	180	-	-	-
Pension reserve	-	2	(99)	-	(469)	(566)
	(50)	3,107	(2,794)	(3)	(469)	(209)
<b>Restricted fixed asset funds</b>						
Legacy assets	5,202	-	(198)	-	-	5,004
Devolved Formula Capital grants	20	31	-	-	-	51
Capital expenditure from GAG	-	-	-	3	-	3
	5,222	31	(198)	3	-	5,058
<b>Total Restricted funds</b>	5,172	3,138	(2,992)	-	(469)	4,849

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**16. Statement of funds (continued)**

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
<b>Total funds</b>	5,407	3,338	(3,225)	-	(469)	5,051

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

The General Annual Grant (GAG) must be used for the normal running of the academy including salaries and related costs, overheads, repairs and maintenance, and insurance.

Pupil Premium is additional funding to be spent as the school sees fit to support deprived students.

Other DfE/ESFA grants relate to Universal Infant Free School Meals income, PE grant and Teachers Pay grant, which are to be spent on catering, the costs of a PE co-ordinator and teachers salaries respectively.

SEN relates to special education needs funding from Middlesbrough Borough Council.

Other government grants consist of Local Authority income.

Teaching schools income consists of income received in the year which is to be spent on the teaching school

Other grants consists of non-government gants including the Ernest Cook grant.

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 21.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

Unrestricted funds include the income from uniform sales, school trips and catering with the relevant costs allocated accordingly.

Transfers between funds represent fixed assets purchased out of GAG.

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



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**16. Statement of funds (continued)**

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
<b>Unrestricted funds</b>					
General Funds	232	234	(231)	-	235
	<u>232</u>	<u>234</u>	<u>(231)</u>	<u>-</u>	<u>235</u>
<b>Restricted general funds</b>					
General Annual Grant (GAG)	166	2,076	(2,174)	-	68
Pupil Premium	-	391	(391)	-	-
SEN	-	6	(6)	-	-
Other DfE/ESFA Grants	-	74	(74)	-	-
Other Government grants	-	231	(231)	-	-
Teaching Schools	208	40	(186)	-	62
Other grants	-	19	(19)	-	-
Loan on conversion	(365)	-	185	-	(180)
Pension reserve	(72)	-	(78)	150	-
	<u>(63)</u>	<u>2,837</u>	<u>(2,974)</u>	<u>150</u>	<u>(50)</u>
<b>Restricted fixed asset funds</b>					
Legacy assets	5,400	-	(198)	-	5,202
Devolved Formula Capital grants	4	16	-	-	20
	<u>5,404</u>	<u>16</u>	<u>(198)</u>	<u>-</u>	<u>5,222</u>
<b>Total Restricted funds</b>	<u>5,341</u>	<u>2,853</u>	<u>(3,172)</u>	<u>150</u>	<u>5,172</u>
<b>Total funds</b>	<u><u>5,573</u></u>	<u><u>3,087</u></u>	<u><u>(3,403)</u></u>	<u><u>150</u></u>	<u><u>5,407</u></u>

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**17. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	5,058	5,058
Current assets	213	596	-	809
Creditors due within one year	(11)	(239)	-	(250)
Provisions for liabilities and charges	-	(566)	-	(566)
<b>Total</b>	<b>202</b>	<b>(209)</b>	<b>5,058</b>	<b>5,051</b>

**Analysis of net assets between funds - prior year**

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	5,202	5,202
Current assets	235	354	20	609
Creditors due within one year	-	(404)	-	(404)
<b>Total</b>	<b>235</b>	<b>(50)</b>	<b>5,222</b>	<b>5,407</b>

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

	2019 £000	2018 £000
Net income/(expenditure) for the year (as per Statement of Financial Activities)	113	(316)
<b>Adjustments for:</b>		
Depreciation	198	198
Capital grants from DfE and other capital income	(31)	(16)
Defined benefit pension scheme cost less contributions payable	99	77
Defined benefit pension scheme finance cost/(income)	(2)	1
Decrease in debtors	35	70
(Decrease)/increase in creditors	(154)	51
<b>Net cash provided by operating activities</b>	<b>258</b>	<b>65</b>

**19. Cash flows from investing activities**

	2019 £000	2018 £000
Purchase of tangible fixed assets	(54)	-
Capital grants from DfE Group	31	16
Loan inherited on conversion	-	(185)
<b>Net cash used in investing activities</b>	<b>(23)</b>	<b>(169)</b>

**20. Analysis of cash and cash equivalents**

	2019 £000	2018 £000
Cash in hand	494	259
<b>Total cash and cash equivalents</b>	<b>494</b>	<b>259</b>

**21. Pension commitments**

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

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

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**21. Pension commitments (continued)**

Contributions amounting to £22,000 were payable to the schemes at 31 August 2019 (2018 - £23,000) and are included within creditors.

**Teachers' Pension Scheme**

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

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

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (amended) published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (amended). The valuation report was prepared for 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% employer administration charge)
- 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
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the 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 is 4.45%.

The TPS valuation for 2012 determined an employer rate of 16.48%, which was payable from September 2015. The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%).

The employer's pension costs paid to TPS in the year amounted to £171,000 (2018 - £175,000).

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

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

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**21. Pension commitments (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £113,000 (2018 - £107,000), of which employer's contributions totalled £85,000 (2018 - £79,000) and employees' contributions totalled £ 28,000 (2018 - £28,000). The agreed contribution rates for future years are 16.7 per cent for employers and 5.5 to 12.5 per cent for employees.

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

**Principal actuarial assumptions**

	2019 %	2018 %
Rate of increase in salaries	3.00	3.00
Rate of increase for pensions in payment/inflation	2.00	2.00
Discount rate for scheme liabilities	1.90	2.80
Inflation assumption (CPI)	2.00	2.00
Commutation of pensions to lump sums	80.00	80.00

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.9	22.9
Females	23.8	25.0
<i>Retiring in 20 years</i>		
Males	23.6	25.1
Females	25.7	27.3

**Sensitivity analysis**

	2019 £000	2018 £000
Discount rate +0.1%	2,650	1,923
Discount rate -0.1%	2,793	2,027
Mortality assumption - 1 year increase	2,630	1,917
Mortality assumption - 1 year decrease	2,813	2,031
CPI rate +0.1%	2,766	2,007
CPI rate -0.1%	2,677	1,942

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**21. Pension commitments (continued)**

The academy trust's share of the assets in the scheme was:

	At 31 August 2019 £000	At 31 August 2018 £000
Equities	1,646	1,456
Property	181	153
Cash	274	359
Other	54	26
<b>Total market value of assets</b>	<u>2,155</u>	<u>1,994</u>

The actual return on scheme assets was £78,000 (2018 - £100,000).

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

	2019 £000	2018 £000
Current service cost	(148)	(156)
Past service cost	(36)	-
Interest income	57	46
Interest cost	(55)	(47)
<b>Total amount recognised in the Statement of Financial Activities</b>	<u>(182)</u>	<u>(157)</u>

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

	2019 £000	2018 £000
<b>Opening defined benefit obligation</b>	1,974	1,868
Interest cost	55	47
Employee contributions	28	28
Actuarial losses/(gains)	510	(116)
Benefits paid	(30)	(9)
Current service costs	148	156
Past service costs	36	-
<b>At 31 August</b>	<u>2,721</u>	<u>1,974</u>

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**21. Pension commitments (continued)**

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

	2019 £000	2018 £000
<b>Opening fair value of scheme assets</b>	1,974	1,796
Interest income	57	46
Actuarial gains	41	34
Employer contributions	85	79
Employee contributions	28	28
Benefits paid	(30)	(9)
<b>At 31 August</b>	2,155	1,974

**22. Operating lease commitments**

The academy trust had no commitments under non-cancellable operating leases at 31 August 2019.

**23. Net interest income on pension scheme**

	2019 £000	2018 £000
Interest income on pension scheme assets	57	46
Interest on pension scheme liabilities	(55)	(47)
	2	(1)

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**24. Related party transactions**

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

Expenditure Related Party Transaction

H Bone and J Thackstone are senior leaders at Green Lane Primary Academy Limited. During the period, the academy trust incurred wages and other recharges of costs totalling £35,000 (2018: £30,000) from Green Lane Primary Academy Limited. There was £nil outstanding at 31 August 2019 (2018: £12,000).

The academy trust made the purchases at arms' length and in accordance with the requirements of the Academies Financial Handbook 2018. The element above £2,500 has been provided 'at no more than cost' and Green Lane Primary Academy Limited has provided a statement of assurance confirming this.

H Secker, daughter of L Clarke, a Governor, is employed by the academy trust as a teacher. H Secker's appointment was made in open competition and L Clarke was not involved in the decision-making process regarding appointment. H Secker is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a Governor.

M Suthers, son in law of C Wain OBE, CEO and a Governor, is employed by the academy trust as a teacher. M Suther's appointment was made in open competition and C Wain OBE was not involved in the decision-making process regarding appointment. M Suthers is paid within the normal pay scale for his role and receives no special treatment as a result of his relationship to a Governor.

Income Related Party Transaction

During the period, the academy charged Green Lane Primary Academy Limited £1,400 (2018: £800) for teaching services during the year. There were no amounts outstanding at 31 August 2019 (2018: £nil).

In entering into the transactions the academy trust has complied with the requirements of the Academies Financial Handbook 2018.



**OUR CHILDREN 1ST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**25. Teaching school trading account**

	2019 £000	2019 £000	2018 £000	2018 £000
<b>Income</b>				
<b>Direct income</b>				
Other income	70		46	
Misc Grants & Subsidies	27		13	
	<u>97</u>		<u>59</u>	
<b>Total direct income</b>				
<b>Other income</b>				
Other Fees and Charges	112		50	
Donations and Sponsorships	-		3	
Course income	64		113	
	<u>176</u>		<u>166</u>	
<b>Total other income</b>				
<b>Total income</b>		273		225
<b>Expenditure</b>				
<b>Direct expenditure</b>				
Educational supplies	26		14	
<b>Other expenditure</b>				
Catering	3		20	
Technology costs	3		10	
Professional service fees	303		327	
	<u>309</u>		<u>357</u>	
<b>Total other expenditure</b>				
<b>Total expenditure</b>		335		371
<b>Deficit from all sources</b>		(62)		(146)
<b>Teaching school balances at 1 September 2018</b>		62		208
<b>Teaching school balances at 31 August 2019</b>		<u>-</u>		<u>62</u>