

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 11
Governance Statement	12 - 14
Statement on Regularity, Propriety and Compliance	15
Statement of Trustees' Responsibilities	16
Independent Auditors' Report on the Financial Statements	17 - 20
Independent Reporting Accountant's Report on Regularity	21 - 22
Statement of Financial Activities Incorporating Income and Expenditure Account	23
Balance Sheet	24 - 25
Statement of Cash Flows	25
Notes to the Financial Statements	26 - 50

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mr R Brown
Mrs R Jessop (appointed 29 May 2021)
Mrs A Kerr
Mr C Walton (appointed 7 June 2021, resigned 31 August 2021)

Trustees

Mrs H Adams, CEO and accounting officer (appointed 1 September 2020)
Mrs H Bone
Mr R Brown, Chairman (resigned 31 August 2021)
Mrs L Chalk
Ms J Davies
Prof G Henderson CBE DL
Mrs J Thackstone
Mrs P Pennock (appointed 16 July 2021)
Mr S Williams, Chairman (appointed 7 July 2021)

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 H Adams, CEO (Accounting Officer from 1 September 2020)
Mrs H Newbold, Assistant Head
Mr A Oliver, Assistant Head
Mr Y Ahmed, 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

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Bankers

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

Solicitors

Muckle LLP
32 Gallowgate
Newcastle Upon Tyne
NE1 4BF

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year to 31 August 2021. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The academy trust operates an academy for pupils aged 2 to 11 serving a catchment area in Middlesbrough. It has a pupil capacity of 525 plus provision for 130 Nursery places and had a roll of 529 in the school census on 16 June 2021.

Children are admitted into the academy trust following the academy's Admission policy.

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 Trustees of Our Children 1st are also the Trustees of the charitable company for the purposes of company law. The charitable company operates as Our Children 1st.

Details of the Trustees 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.

Trustees' Indemnities

The academy trust has purchased insurance to protect Trustees 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 Trustees. The term of office for any Trustee shall be 4 years, save that this time limit shall not apply to the CEO or any post help ex-officio. Subject to remaining eligible to be a particular type of Trustee, any Trustee 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 Trustees depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new Trustees are given a tour of the academy trust and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as a Trustee. As there are normally only one or two Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, Governance and Management (continued)

Organisational structure

During the year the academy trust continued to operate a unified management structure. The structure consists of these levels: The Members, The Trustees, Local Governing Body, the Senior Leadership Team, Middle Management supported by the Teaching 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's performance including accounts and annual reports to Trustees. They will be responsible to appoint Trustees and comply with the articles of association.

The Trustees 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 Academies Financial Handbook.

The Senior Leadership Team drives the vision of the academy trust within the school and is centered on teaching and learning and providing an excellent learning environment for its pupils. They are supported by Middle Management and the Teaching Team.

Arrangements for setting pay and remuneration of key management personnel

The academy trust Board of Trustees aim to follow the nationally and locally agreed pay settlements. The Head Teacher is appraised by a panel consisting of Trustees 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 Trustees. The external consultant is not responsible for returning a recommendation to the Trust Board on whether an increment should be awarded to the Head Teacher following the review, this is a matter for the Trustees 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 Trust Board.

Related Parties and other Connected Charities and Organisations

Further details are stated in note 24 to the Financial Statements.

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Objectives and activities

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 disadvantaged pupils and sports.

The main objectives of the academy trust during the year ended 31 August 2021 are as summarised below:

1. To rebuild our family ethos in response to the Covid 19 pandemic.
2. To support the children and parents well-being to build a strong foundation for learning following Covid 19 pandemic disruption.
3. To further embed our Curriculum via development of Subject Leaders
4. To increase % of children passing phonics test in Year 1
5. To increase % of children achieving Expected Standard in all subjects at KS2

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 rebuild our family ethos as all pupils are back in school but unable to hold whole school events to re-establish sense of belonging
- Establishment of relationships between teachers and pupils in their class, additional support for families from Vulnerable Pupil Support Team, lunchtimes supervised by key staff allocated to year groups to further support development of relationships and sense of belonging
- Forest Schools to support teamwork and additional outdoor lessons
- To further embed our curriculum via development of Subject Leads
- CPD for staff to support development of their subject, use of recall assessments and knowledge organisers, assessments and online networks with other schools
- Remote learning available as standard at all times so no disruption due to self-isolation, rewards and certificates for home learning
- Now Press Play as topic starter and experience to enhance knowledge of subject
- To increase % of children passing phonics test in Year 1
- CPD for staff working with small phonics groups, small group work, assessment of progress
- To increase % of children achieving Expected Standard in all subjects at KS2
- 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 require additional support
- Whole school focus on writing, additional CPD, small group work, additional adult support

Work this year has obviously not always followed the planned timescales to meet objectives due to the impact of self-isolation due to Covid-19 on individuals and classes. There have been no statutory assessments carried out during the summer term and therefore no league tables produced for this academic year.

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 years.

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Objectives and activities (continued)

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 Trustees 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 Trustees have considered this guidance in deciding what activities the academy trust should undertake.

Strategic report

Achievements and performance

Achievements and performance

This academic year statutory testing was cancelled by the Government. As they said; 'We will not hold schools and colleges to account on the basis of exams and assessment data from summer 2020 and that data will not be used by others, such as Ofsted and local authorities, to hold schools and colleges to account.'
<https://www.gov.uk/government/publications/coronavirus-covid-19-school-and-college-performance-measures/coronavirus-covid-19-school-and-college-accountability>

We have maintained our high quality provision throughout the pandemic following guidelines and requirements put in place by the government which meant supporting learning at home and in school.

Ofsted carried out a Section 8 monitoring visit to school on 29th September 2020 to discuss measures in place to support learning during the pandemic, they did not find any concerns during their visit.

Key Performance Indicators

Key Performance Indicators for the academic year 2020/21 are as follows:

- Total income per pupil - £5,658
- Total GAG income per pupil - £5,523
- Staff costs per pupil - £3,901
- Total costs per pupil - £5,164
- Staff costs as % of total costs - 75%
- Staff costs as % of total income - 70%
- Pupil to teacher ratio - 20:1

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 Trustees 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.

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Achievements and performance (continued)

Financial Review

Financial Performance for the year

The financial result for the year ended 31 August 2021 was a deficit of £34k.

Accounting for the Local Government Pension Scheme has a significant impact on the financial performance. Under accounting standard FRS102, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided for support staff, to the restricted fund. When adjusting for these accounting entries, capital income and depreciation there is an underlying surplus of £26k. This surplus has been generated after significant capital investment.

The academy trust's principal funding source is grant funding income from the Department for Education via the ESFA (Education & Skills Funding Agency) the use of which is restricted to particular purposes. In addition, the Local Authority provides Early Years funding and top-up SEN funding where it has been agreed that specialist support is required. The grants and funding received from these bodies are shown as restricted funds in the statement of financial activities.

The academy trust reported revenue income £3.6m 2020-21, this is a net increase of £179k on 2019-20. This movement can be explained by:

- An increase in per pupil funding via general annual grant (GAG) funding
- Increased number of pupils on roll
- One-off grants relating to Covid (Covid Catch Up Premium)
- Increase in Early Years funding
- Donated Technology
- Decrease in LA grants

Due to Covid, the DfE provide schools with technology to enable pupils to access remote learning. These assets have been included in the accounts as a capital donation and have been valued at £56k.

Expenditure on activities amounted to £3.6m in 2020-2021 including depreciation of £232k.

The year on year increase in expenditure is attributable to a number of factors, however the most significant includes Teachers' pay awards and pay progression.

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 2021, total expenditure of £3,616,000 was in excess of 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, and excluding fixed asset funds) was £227,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy trust's objectives.

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Financial Review

Financial Position at 31 August 2021

At 31 August 2021, current assets total £1,349,000. Current liabilities are £365,000 giving net current assets of £984k which is broadly in line with the previous year.

The value of tangible fixed assets has increased. £475k of expenditure was capitalised during the year. This includes £297k to extend the building and provide new classrooms and toilets to ensure that the academy trust's objectives can be met. All assets were used exclusively for providing education and associated support to the pupils in the academies within the academy trust.

At 31 August 2021 net book value of fixed assets was £5,136,000 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 £2,020,000 recognised on the Balance Sheet.

The academy trust held fund balances as at 31 August 2021 of £4,100,000 comprising £880,000 of restricted general funds, £5,038,000 of restricted fixed asset funds, a pension deficit of £2,020,000 and £202,000 of unrestricted funds.

Financial impact of COVID-19

Due to the pandemic the Board of Trustees has carefully considered the impact of Covid on its finances both for the short term and medium term. Across the academy trust catch-up strategies were factored into the three-year budget forecast.

During the reporting period there was increased expenditure on consumables relating to hygiene, cleaning and sanitisation in line with government guidance.

Premises related projects were undertaken to improve the safety of staff and pupils during the pandemic. This included installing additional washing facilities, single use refreshments, hand sanitiser units, longer lunchtimes with additional Lunch Time Supervisor support.

The academy trust received a donation of ICT equipment from the DFE. In addition, the Local Authority provided a grant for schools to purchase additional ICT equipment to support the home learning offer. This totalled £56k.

Due to Covid, the academy trust has not incurred the costs of the educational visits and experiences that are subsidised by the academy trust.

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Reserves Policy

The academy trust holds reserves for the following purposes:

- Cash flow – to manage fluctuations in income and expenditure streams effectively and in line with the Academy Trust Handbook
- Financial Management – to ensure the academy trust can respond to future anticipated major expenditure requirements and to address urgent unexpected expenditure
- Investment in education provision - to enhance and support educational provision where required
- Manage projected fluctuation in nursery intake due to increased competition
- Predicted increase in pay progression as staff mobility is set to reduce in comparison to prior years
- Predicted increase in staff on cost contributions
- Unprecedented rises in energy costs

The level of reserves required is set annually and approved by Trustees.

Trustees will consider the following:

- The risk of unforeseen emergency or other unexpected needs for funds
- Uncertainty, turbulence or expected one-off reduction in funding arrangements
- The need for any large project spend to develop facilities, ICT investment or building condition needs that cannot be met by future income alone
- Fluctuations in pupil numbers
- Cash flow issues
- Projected fluctuation in nursery intake due to increased competition
- Predicted increase in pay progression as staff mobility is set to reduce in comparison to prior years
- Predicted increase in staff on cost contributions
- Unprecedented rises in energy costs

Any financial risks are reviewed in terms of impact and likelihood as part of the strategic risk management process.

The academy trust's strategic aim is to hold reserves equivalent of one month's revenue expenditure. The Trustees will keep this level of reserves under review and aim to build and maintain the reserves level whilst keeping with the principle object of the academy trust.

The Trustees recognised that the Trust is holding reserves significantly above the desired level. The reasons for this are:

- Capital works –cost substantial less than the feasibility study suggested (study stated budget figure between £700 and £900K actual project £435K)
- Funds unable to be spent as planned due to Covid
- Maternity cover(s) not replaced due to Covid.

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Reserves Policy (continued)

The academy trust has a strategic commitment to address the cumulative surplus. It is anticipated that the funds will be used to:

- Enhance EYFS outdoor provision
- Release SLT to drive attainment, school improvement and embed outstanding practise throughout whole school
- Promote reading throughout school
- Maintain quality of provision in terms of premises
- Maintain additional 1:1 support for increasing number of SEND children
- Additional SEND and Child Protection support services
- Attendance support management
- Reduction of Carbon Footprint

The academy trust's current level of reserves are in surplus by £202,000, in addition the academy trust has GAG reserves of £770,000 and are therefore considered to be above the level of reserves required for the ongoing needs of the academy trust.

Investment Policy

The academy trust invests surplus funds through money market accounts. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

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 Trustees 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 Trustees 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.

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.

Fundraising

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

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Plans for future periods

Key priorities for 2021/22

- To increase % of children passing phonics test in Year 1
- To increase % of children achieving expected standard in all subjects at KS1
- To increase % of children achieving greater depth in writing at KS2
- To increase the number of children who know all their multiplication tables by the end of Year 4

Auditor

Insofar as the Trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 17 December 2021 and signed on its behalf by:

Mr S Williams
Chair

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, 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.

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

The Board of Trustees has delegated the day-to-day responsibility to the 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 Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 9 times during the year.

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

Trustee		
Mrs H Adams	9	9
Mrs H Bone	9	9
Mr R Brown, Chairman	9	9
Mrs L Chalk	7	9
Ms J Davies	7	9
Prof G Henderson CBE DL	7	9
Mrs J Thackstone	8	9
Mr S Williams	9	9

A review of the governance structure has been undertaken with a view to introduce a Finance, Audit and Risk committee and a Standards in Education Committee. This should ensure that all meeting are effective and robust challenge is shown.

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 Trustees 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 various projects ranging from ensuring staff are deployed effectively throughout school to tasking the team to carry out a review of telephone and photocopier costs.

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Our Children 1st for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

The 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 Trustees
- regular reviews by the Board of Trustees 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 Trustees has decided to buy-in an internal audit service from Azets.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial and other 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 systems
- review of assets and insurance processes
- testing of VAT and other taxations
- testing of year end procedures

On an annual basis, the reviewer reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities and annually prepares a short annual summary report to the Board of Trustees outlining the areas reviewed, key findings, recommendations and conclusions to help the Board of Trustees consider actions and assess year on year progress.

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

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 auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 17 December 2021 and signed on their behalf by:

Mr S Williams
Chair

Mrs H Adams
Accounting Officer

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

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 Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy 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 2020.

I confirm that I and the academy trust Board of Trustees 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 2020.

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

Mrs H Adams
Accounting Officer
Date: 17 December 2021

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2021

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

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

Mr S Williams
Chair

Date: 17 December 2021

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 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy 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

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

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

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

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 other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' 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 Trustees' 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Governors

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (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 Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the academy 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 Trustees either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Our audit must be alert to the risk of manipulation of the financial statements and seek to understand the incentives and opportunities for management to achieve this.

We undertake the following procedures to identify and respond to these risks of non-compliance:

- Understanding the key legal and regulatory frameworks that are applicable to the academy trust. We communicated identified laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit. We determined the most significant of these to be the regulations set out by the DfE/ESFA. Our audit focuses on financial matters as set out in our regularity opinion. Other key laws and regulations included safeguarding, Health & Safety, GDPR and employment law
- Enquiry of trustees and management as to policies and procedures to ensure compliance and any known instances of non-compliance
- Review of board minutes and correspondence with regulators
- Enquiry of trustees and management as to areas of the financial statements susceptible to fraud and how these risks are managed
- Challenging management on key estimates, assumptions and judgements made in the preparation of the financial statements. These key areas of uncertainty are disclosed in the accounting policies
- Identifying and testing unusual journal entries, with a particular focus on manual journal entries.

Through these procedures, we did not become aware of actual or suspected non-compliance.

We planned and performed our audit in accordance with auditing standards but owing to the inherent limitations of procedures required in these areas, there is an unavoidable risk that we may not have detected a material misstatement in the accounts. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve concealment, collusion, forgery, misrepresentations, or override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

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

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.

Kevin Shotton BA BFP 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

Date:

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 19 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Our Children 1st during the year 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Our Children 1st and 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 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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)

Approach (continued)

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

The work undertaken to draw 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 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant
Clive Owen LLP

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

Date:

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Income from:						
Donations and capital grants	3	3	-	67	70	12
Charitable activities		15	3,590	-	3,605	3,217
Teaching schools		-	-	-	-	208
Other trading activities		3	-	-	3	5
Investments	6	-	-	-	-	1
Total income		21	3,590	67	3,678	3,443
Expenditure on:						
Charitable activities		21	3,363	232	3,616	3,189
Teaching schools		-	-	-	-	168
Total expenditure		21	3,363	232	3,616	3,357
Net (expenditure)/ income		-	227	(165)	62	86
Transfers between funds	16	-	(420)	420	-	-
Net movement in funds before other recognised gains/(losses)		-	(193)	255	62	86
Other recognised gains/(losses):						
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(96)	-	(96)	(1,003)
Net movement in funds		-	(289)	255	(34)	(917)
Reconciliation of funds:						
Total funds brought forward		202	(961)	4,893	4,134	5,051
Net movement in funds		-	(289)	255	(34)	(917)
Total funds carried forward		202	(1,250)	5,148	4,100	4,134

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

BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	13	5,136	4,893
		5,136	4,893
Current assets			
Debtors	14	193	138
Cash at bank and in hand		1,156	1,069
		1,349	1,207
Creditors: amounts falling due within one year	15	(365)	(261)
		984	946
Net current assets		984	946
Total assets less current liabilities		6,120	5,839
Net assets excluding pension liability		6,120	5,839
Defined benefit pension scheme liability	22	(2,020)	(1,705)
Total net assets		4,100	4,134
Funds of the academy trust			
Restricted funds:			
Fixed asset funds	16	5,148	4,893
Restricted income funds	16	770	744
		5,918	5,637
Restricted funds excluding pension asset	16	5,918	5,637
Pension reserve	16	(2,020)	(1,705)
		3,898	3,932
Total restricted funds		3,898	3,932
Unrestricted income funds		202	202
Total funds		4,100	4,134

The financial statements on pages 23 to 50 were approved by the Trustees, and authorised for issue on 17 December 2021 and are signed on their behalf, by:

Mr S Williams
Chair

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

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2021

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Net cash provided by operating activities	18	495	606
Cash flows from investing activities	19	(408)	(31)
Change in cash and cash equivalents in the year		87	575
Cash and cash equivalents at the beginning of the year		1,069	494
Cash and cash equivalents at the end of the year	20, 21	<u>1,156</u>	<u>1,069</u>

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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 2020 to 2021 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 Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy 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.

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.3 Income (continued)

• **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 over the useful economic life in accordance with the academy trust's accounting policies.

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 Interest receivable

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

1.6 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:

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Long-term leasehold property	- over 25 years
Long-term leasehold land	- over 125 years
Furniture and equipment	- over 5 years
Computer equipment	- over 3 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.

1.7 Operating leases

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

1.8 Debtors

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

1.9 Cash at bank and in hand

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

1.10 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.

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.11 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.

1.12 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 2021

1. Accounting policies (continued)

1.13 Pensions

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

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

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

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

1.14 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 Trustees.

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

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

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability. In the current year the actuary has made assumptions to estimate the liability associated with McCloud Sargeant (McCloud) and GMP Indexation and Equalisation (GMP).

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 £232,000.

Critical areas of judgment:

Land – Land is held under a 125 year lease from Middlesbrough Borough Council. These assets are included on the balance sheet of the academy trust due to the significant risks and rewards of ownership belonging to the academy trust, 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 trust could use them without major modification.

3. Income from donations and capital grants

	Unrestricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Donations	3	56	59	1
Capital Grants	-	11	11	11
	<u>3</u>	<u>67</u>	<u>70</u>	<u>12</u>
Total 2020	<u>1</u>	<u>11</u>	<u>12</u>	

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

4. Funding for the academy trust's educational operations

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	2,472	2,472	2,321
Other DfE/ESFA grants				
Pupil Premium	-	403	403	384
PE and Sport Premium	-	20	20	20
UIFSM	-	62	62	70
Rates	-	9	9	-
Teachers' pay grant	-	30	30	30
Teachers' pension grant	-	85	85	84
	-	3,081	3,081	2,909
Other Government grants				
SEN	-	11	11	3
Early Years Funding	-	302	302	262
Local Authority grants	-	4	4	21
Other Government grants	-	92	92	-
	-	409	409	286
Other income from the academy trust's educational operations	15	1	16	22
COVID-19 additional funding (DfE/ESFA)				
Catch-up Premium	-	42	42	-
	-	42	42	-
COVID-19 additional funding (non-DfE/ESFA)				
Other COVID-19 funding	-	57	57	-
	-	57	57	-
	15	3,590	3,605	3,217
Total 2020	16	3,201	3,217	

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

The academy trust received £42,000 of COVID catch up premium and the costs incurred in respect of this funding totalled £42,000.

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

5. Income from other trading activities

	Unrestricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Non student catering income	-	-	1
Other	3	3	4
	<u>3</u>	<u>3</u>	<u>5</u>
Total 2020	<u>5</u>	<u>5</u>	

6. Investment income

	Unrestricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Investment income	-	-	1
	<u>1</u>	<u>1</u>	
Total 2020	<u>1</u>	<u>1</u>	

7. Expenditure

	Staff Costs 2021 £000	Premises 2021 £000	Other 2021 £000	Total 2021 £000	Total 2020 £000
Academy's educational operations:					
Direct costs	2,302	-	165	2,467	2,165
Allocated support costs	234	441	474	1,149	1,024
Teaching school	-	-	-	-	168
	<u>2,536</u>	<u>441</u>	<u>639</u>	<u>3,616</u>	<u>3,357</u>
Total 2020	<u>2,210</u>	<u>473</u>	<u>674</u>	<u>3,357</u>	

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

7. Expenditure (continued)

In 2021 of the total expenditure £21,000 (2020 - £23,000) was to unrestricted funds, £3,363,000 (2020 - £3,127,000) was to restricted funds, and £232,000 (2020 - £207,000) was to restricted fixed assets.

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

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

There were no ex-gratia payments in the year.

8. Analysis of expenditure by activities

	Activities undertaken directly 2021 £000	Support costs 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Academy's educational operations	2,467	1,149	3,616	3,189
Total 2020	2,165	1,024	3,189	

Analysis of direct costs

	Total funds 2021 £000	Total funds 2020 £000
Staff costs	2,302	2,013
Educational supplies	144	128
Staff development	1	1
Technology costs	18	22
Other costs	2	1
	2,467	2,165

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2021 £000	Total funds 2020 £000
Net interest on pension scheme	28	10
Staff costs	234	197
Depreciation	232	207
Technology costs	19	22
Maintenance of premises	48	56
Cleaning	96	88
Other premises costs	29	43
Energy	40	57
Rent and rates	9	10
Insurance	21	19
Catering	197	227
Other costs	178	76
Governance costs	18	12
	<u>1,149</u>	<u>1,024</u>

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2021 £000	2020 £000
Depreciation of tangible fixed assets	232	207
Fees paid to auditors for:		
- audit	7	7
- other services	6	5
	<u>6</u>	<u>5</u>

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021 £000	2020 £000
Wages and salaries	1,809	1,599
Social security costs	153	135
Pension costs	574	476
	<u>2,536</u>	<u>2,210</u>

Included within operations costs of defined benefit pension scheme is a debit of £191,000 (2020: £126,000) 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:

	2021 No.	2020 No.
Teaching	33	33
Educational Support	67	53
Admin & Management	6	6
	<u>106</u>	<u>92</u>

c. Higher paid staff

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

	2021 No.	2020 No.
In the band £60,001 - £70,000	<u>1</u>	<u>1</u>

d. Key management personnel

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £419,000 (2020 £459,000).

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff Trustees 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 Trustees' remuneration and other benefits was as follows:

		2021	2020
		£000	£000
Mrs C Wain	Remuneration	-	45 - 50
	Pension contributions paid	-	10 - 15
Mrs H Adams	Remuneration	65 - 70	60 - 65
	Pension contributions paid	15 - 20	15 - 20

During the year ended 31 August 2021, no Trustee expenses have been incurred (2020 - £NIL).

12. Trustees' and Officers' insurance

In accordance with normal commercial practice the academy trust has purchased insurance to protect Trustees 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 Trustees and officers indemnity element from the overall insurance scheme for the year ended 31 August 2021.

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

13. Tangible fixed assets

	Long-term leasehold property £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 September 2020	5,536	-	42	5,578
Additions	297	66	112	475
At 31 August 2021	<u>5,833</u>	<u>66</u>	<u>154</u>	<u>6,053</u>
Depreciation				
At 1 September 2020	678	-	7	685
Charge for the year	200	1	31	232
At 31 August 2021	<u>878</u>	<u>1</u>	<u>38</u>	<u>917</u>
Net book value				
At 31 August 2021	<u><u>4,955</u></u>	<u><u>65</u></u>	<u><u>116</u></u>	<u><u>5,136</u></u>
At 31 August 2020	<u><u>4,858</u></u>	<u><u>-</u></u>	<u><u>35</u></u>	<u><u>4,893</u></u>

14. Debtors

	2021 £000	2020 £000
Trade debtors	-	21
Prepayments and accrued income	104	99
VAT Debtor	89	18
	<u>193</u>	<u>138</u>

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

15. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	161	141
Other taxation and social security	37	32
Other creditors	14	41
Accruals and deferred income	153	47
	365	261
	365	261
	2021 £000	2020 £000
Deferred income at 1 September 2020	28	40
Resources deferred during the year	23	28
Amounts released from previous periods	(28)	(40)
	23	28
	23	28

At the balance sheet date the academy trust was holding funds of £23,000 received in advance for school meals funding and early years funding.

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

16. Statement of funds

	Balance at 1 September 2020 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2021 £000
Unrestricted funds						
General Funds	202	21	(21)	-	-	202
Restricted general funds						
General Annual Grant (GAG)	704	2,472	(1,986)	(420)	-	770
Pupil Premium	-	403	(403)	-	-	-
Other DfE/ESFA Grants	-	289	(289)	-	-	-
SEN	-	11	(11)	-	-	-
Other Government grants	-	316	(356)	40	-	-
Teaching school	40	-	-	(40)	-	-
Other Covid-19 funding	-	57	(99)	-	-	(42)
Catch-Up Premium	-	42	-	-	-	42
Pension reserve	(1,705)	-	(219)	-	(96)	(2,020)
	(961)	3,590	(3,363)	(420)	(96)	(1,250)
Restricted fixed asset funds						
Legacy assets	4,806	-	(198)	-	-	4,608
Devolved Formula Capital grants	57	11	(6)	-	-	62
Capital expenditure from GAG	30	-	(19)	420	-	431
Donations	-	56	(9)	-	-	47
	4,893	67	(232)	420	-	5,148
Total Restricted funds	3,932	3,657	(3,595)	-	(96)	3,898
Total funds	4,134	3,678	(3,616)	-	(96)	4,100

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

16. Statement of funds (continued)

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 trust 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 relates to Universal Infant Free School Meals income, PE & Sport Premium grant, Teachers' Pay grant and Teachers' Pension grant, which are able to be spent on catering, improvement to sports activities and teachers' salaries respectively.

The Catch-Up Premium must be spent on activities to support pupils education recovery.

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

Other government grants includes council funding for nursery places.

Other Covid-19 funding relates to free school meal vouchers.

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 22.

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 represents fixed assets purchased out of GAG of £420k..

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 2021.

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

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds						
General Funds	202	23	(23)	-	-	202
Restricted general funds						
General Annual Grant (GAG)	357	2,321	(1,943)	(31)	-	704
Pupil Premium	-	384	(384)	-	-	-
Other DfE/ESFA Grants	-	204	(204)	-	-	-
SEN	-	3	(3)	-	-	-

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

16. Statement of funds (continued)

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Other Government grants	-	283	(283)	-	-	-
Teaching school	-	208	(168)	-	-	40
Other grants	-	6	(6)	-	-	-
Pension reserve	(566)	-	(136)	-	(1,003)	(1,705)
	<u>(209)</u>	<u>3,409</u>	<u>(3,127)</u>	<u>(31)</u>	<u>(1,003)</u>	<u>(961)</u>
Restricted fixed asset funds						
Legacy assets	5,004	-	(198)	-	-	4,806
Devolved Formula Capital grants	51	11	(5)	-	-	57
Capital expenditure from GAG	3	-	(4)	31	-	30
	<u>5,058</u>	<u>11</u>	<u>(207)</u>	<u>31</u>	<u>-</u>	<u>4,893</u>
Total Restricted funds	<u>4,849</u>	<u>3,420</u>	<u>(3,334)</u>	<u>-</u>	<u>(1,003)</u>	<u>3,932</u>
Total funds	<u><u>5,051</u></u>	<u><u>3,443</u></u>	<u><u>(3,357)</u></u>	<u><u>-</u></u>	<u><u>(1,003)</u></u>	<u><u>4,134</u></u>

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000
Tangible fixed assets	-	-	5,136	5,136
Current assets	201	1,136	12	1,349
Creditors due within one year	1	(366)	-	(365)
Provisions for liabilities and charges	-	(2,020)	-	(2,020)
Total	<u>202</u>	<u>(1,250)</u>	<u>5,148</u>	<u>4,100</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	-	4,893	4,893
Current assets	202	1,005	-	1,207
Creditors due within one year	-	(261)	-	(261)
Provisions for liabilities and charges	-	(1,705)	-	(1,705)
Total	<u>202</u>	<u>(961)</u>	<u>4,893</u>	<u>4,134</u>

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

18. Reconciliation of net income to net cash flow from operating activities

	2021 £000	2020 £000
Net income for the year (as per Statement of Financial Activities)	62	86
	<hr/>	<hr/>
Adjustments for:		
Depreciation	232	207
Capital grants from DfE and other capital income	(11)	(11)
Defined benefit pension scheme cost less contributions payable	191	126
Defined benefit pension scheme finance cost/(income)	28	10
(Increase)/decrease in debtors	(55)	177
Increase in creditors	104	11
Donated Fixed Assets	(56)	-
	<hr/>	<hr/>
Net cash provided by operating activities	495	606
	<hr/> <hr/>	<hr/> <hr/>

19. Cash flows from investing activities

	2021 £000	2020 £000
Purchase of tangible fixed assets	(419)	(42)
Capital grants from DfE Group	11	11
	<hr/>	<hr/>
Net cash used in investing activities	(408)	(31)
	<hr/> <hr/>	<hr/> <hr/>

20. Analysis of cash and cash equivalents

	2021 £000	2020 £000
Cash in hand and at bank	1,156	1,069
	<hr/>	<hr/>
Total cash and cash equivalents	1,156	1,069
	<hr/> <hr/>	<hr/> <hr/>

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

21. Analysis of changes in net debt

	At 1 September 2020 £000	Cash flows £000	At 31 August 2021 £000
Cash at bank and in hand	1,069	87	1,156
	<u>1,069</u>	<u>87</u>	<u>1,156</u>
	<u><u>1,069</u></u>	<u><u>87</u></u>	<u><u>1,156</u></u>

22. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 August 2019.

Contributions amounting to £14,000 were payable to the schemes at 31 August 2021 (2020 - £40,000) 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. All teachers have the option to opt-out of the TPS following enrolment.

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

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

22. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £271,000 (2020 - £255,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £148,000 (2020 - £126,000), of which employer's contributions totalled £112,000 (2020 - £95,000) and employees' contributions totalled £ 36,000 (2020 - £31,000). The agreed contribution rates for future years are 17.2 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.

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

22. Pension commitments (continued)

Principal actuarial assumptions

	2021 %	2020 %
Rate of increase in salaries	3.60	3.20
Rate of increase for pensions in payment/inflation	2.60	2.20
Discount rate for scheme liabilities	1.70	1.70
Inflation assumption (CPI)	2.60	2.20
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:

	2021 Years	2020 Years
Retiring today		
Males	21.9	21.8
Females	23.6	23.5
Retiring in 20 years		
Males	23.3	23.2
Females	25.4	25.3

Sensitivity analysis

	2021 £000	2020 £000
Discount rate +0.1%	(123)	(99)
Discount rate -0.1%	123	99
Mortality assumption - 1 year increase	(161)	(123)
Mortality assumption - 1 year decrease	161	123
CPI rate +0.1%	97	79
CPI rate -0.1%	(97)	(79)

Share of scheme assets

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

	2021 £000	2020 £000
Equities	1,745	1,304
Property	161	137
Cash	183	199
Other	117	75
Total market value of assets	2,206	1,715

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

22. Pension commitments (continued)

The actual return on scheme assets was £377,000 (2020 - £547,000).

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

	2021 £000	2020 £000
Current service cost	(303)	(221)
Interest income	30	42
Interest cost	(58)	(52)
Total amount recognised in the Statement of Financial Activities	<u>(331)</u>	<u>(231)</u>

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

	2021 £000	2020 £000
Opening defined benefit obligation	3,420	2,721
Current service cost	303	221
Interest cost	58	52
Employee contributions	36	31
Actuarial losses	443	414
Benefits paid	(34)	(19)
At 31 August 2021	<u>4,226</u>	<u>3,420</u>

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

	2021 £000	2020 £000
Opening fair value of scheme assets	1,715	2,155
Interest income	30	42
Actuarial gains/(losses)	347	(589)
Employer contributions	112	95
Employee contributions	36	31
Benefits paid	(34)	(19)
At 31 August 2021	<u>2,206</u>	<u>1,715</u>

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

23. Operating lease commitments

At 31 August 2021 the academy trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £000	2020 £000
Within 1 year	6	-
Later than 1 year and not later than 5 years	23	-
	<hr/>	<hr/>
	29	-
	<hr/> <hr/>	<hr/> <hr/>

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 Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Expenditure Related Party Transaction

H Adams' husband was a director of Itchy Robot Ltd during the period, the academy trust purchased goods totalling £1,000 (2020: £4,000). There was £Nil outstanding at 31 August 2021 (2020: £Nil). The academy trust made the purchases at arms' length and in accordance with the requirements of the Academies Financial Handbook 2020.

OUR CHILDREN 1ST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

25. Teaching school trading account

	2021	2021	2020	2020
	£000	£000	£000	£000
Income				
Direct income				
Other income	-		46	
Other income				
Other Fees and Charges	-		123	
Course income	-		39	
	<hr/>		<hr/>	
Total other income	-		162	
Total income		-		208
Expenditure				
Direct expenditure				
Educational supplies	-		63	
Professional service fees	-		105	
Total expenditure		-		168
Transfers between funds excluding depreciation		(40)		-
		<hr/>		<hr/>
(Deficit)/surplus from all sources		(40)		40
Teaching school balances at 1 September 2020		40		-
		<hr/>		<hr/>
Teaching school balances at 31 August 2021		<u>-</u>		<u>40</u>