

Company Registration Number: 07597390 (England & Wales)

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the year ended 31 August 2021

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

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Reference and Administrative Details

Members	Mr C Gregory Mr A Hunt Mr P Irons Mr A Ishaque (resigned 7 July 2021) Ms A Smart-Gosrani Mr M Blatchly (appointed 2 December 2020)
Governors	Mr P Irons, Chair ¹ Mrs U Afzal Dr S Ahmad (resigned 20 September 2020) Mr N Capon ¹ Mr M Blatchly ¹ Mrs C Donaldson Mr S Deadman-Corsie ¹ Mr C Gregory ¹ Mrs R Hudlin ¹ Mr A Hunt, Vice Chair ¹ Mr A Ishaque (resigned 7 July 2021) Mr N Jackson ¹ Mr L J Mead Ms A Smart-Gosrani Mr A Hicks Mr P A Burke ² Mr K Beswick Mrs R Bennett Mrs A Hopkinson Mr S Graves (resigned 3 September 2020) Ms F J Moore (appointed 10 May 2021)
	¹ members of the Finance, Audit and Risk Committee ² no longer members but continue to attend meetings
Company registered number	07597390
Company name	The Fernwood Academy Trust
Principal and registered office	The Fernwood Academy Trust Goodwood Road Nottingham Nottinghamshire NG8 2FT
Company secretary	Mrs S T Law
Senior management team	Mrs M Morrill, Assistant Principal Mrs J Eldridge, Deputy Principal Mrs A Cannon, Assistant Principal Mr P A Burke, Principal Mr M Hughes, Assistant Principal Mr S Crandley, Assistant Principal Mr D Jones, Assistant Principal Mrs J Green, Deputy Principal

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Reference and Administrative Details (continued)
For the year ended 31 August 2021

Independent auditors PKF Smith Cooper Audit Limited
2 Lace Market Square
Nottingham
NG1 1PB

Bankers Lloyds TSB
Old Market Square
Nottingham
Nottinghamshire
NG1 6FD

THE FERNWOOD ACADEMY TRUST
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Governors' Report
For the year ended 31 August 2021

The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a Governors' report and a directors' report under company law.

Structure, governance and management

a. Constitution

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

The charitable company's Memorandum of Association is the primary governing document of the Academy.

The Governors of The Fernwood Academy Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as The Fernwood Academy.

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

b. Members' liability

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

c. Governors' indemnities

During the period, an indemnity from the Charitable Company was available to the Governors against liabilities that might be incurred by them in defending proceedings against them in respect of the affairs of the Charitable Company. The indemnity is subject to the provisions of the Companies Act and is set out in the Articles of Association. The Trust has purchased Academies Risk Protection Arrangement (RPA) which covers Governors Liability Insurance with unlimited indemnity, the RPA also covers staff.

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Governors' Report (continued)
For the year ended 31 August 2021

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Governors

The Governors (other than associate governors) are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of the charity legislation.

The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Principal. Subject to eligibility any Governor may be reappointed or re-elected.

Details of the Governors who served throughout the year except as noted are included in the reference and administrative details on page 1.

During the period under review the Governing Body held 6 meetings.

The articles of association state that:

- The Trust can appoint 1 Governor,
- The Local Authority appoints 1 Governor,
- The Governing body appoints 2 Partnership Governors and 5 Community Governors,
- 7 Governors are elected Parent Governors,
- 3 Governors are elected Staff Governors,
- 3 further co-opted governors can be appointed by the Governing Body,
- The Principal is an ex-officio Governor.

e. Policies adopted for the induction and training of Governors

The training and induction provided for new Governors will depend on their existing experience. In brief, appropriate training and support is provided to Governors throughout their membership in appropriate areas, for example, induction, or specific areas such as pupil discipline, finance, complaints and admissions. This programme is supplemented by structured Governor visits, including giving Governors a chance to meet staff and students and tour the school. All Governors are provided with copies of policies, procedures, minutes, accounts, budget and other documents that they will need to undertake their role as Governor.

f. Organisational structure

The Governing Body normally meets 6 times each year. The Governing Body establishes an overall framework for the governance of the academy and agrees membership of committees. It receives reports from its committees for approval. It monitors the activities of the committees through the minutes of their meetings. It also establishes the terms of reference for its committees.

The Governing Body is responsible for setting strategy and general policy, adopting an annual plan and budget, monitoring the academy's use of funds and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

The Principal has responsibility for the day to day management of the academy. The Principal is the accounting officer.

g. Arrangements for setting pay and remuneration of key management personnel

The pay policy does not discriminate between key management personnel and other teaching staff and is based on performance management in line with pupil progress and outcomes. The main parameters used for setting key management personnel salaries are national teacher pay and conditions guidance, job responsibilities and experience.

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Governors' Report (continued)
For the year ended 31 August 2021

Structure, governance and management (continued)

h. Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	3
Full-time equivalent employee number	3

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	3
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time **£000**

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

Paid trade union activities

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

a. Objects and aims

The principal object of The Fernwood Academy Trust is to advance, for the public benefit, education in the United Kingdom, in particular (but without prejudice to the generality of the foregoing) by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum with a strong emphasis on care and discipline. In setting our objectives and planning our activities the Governors have given careful consideration to the charity commission's general guidance on public benefit.

In accordance with The Fernwood Academy Trust's funding agreement, arrangements are made to meet the conditions of grant on such matters as admissions, exclusions, arrangements for pupils with special educational needs (SEN) and the curriculum.

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Governors' Report (continued)
For the year ended 31 August 2021

Objectives and activities (continued)

b. Objectives, strategies and activities

The Fernwood Academy Trust's main strategy is encompassed in its vision and ethos which is to ensure that the academy is one where everybody will achieve the highest standards. In particular we aim to:

- challenge every pupil to raise their aspirations and excel in academic achievements;
- instil in pupils the values and characteristics necessary to become successful, confident and responsible members of society;
- teach pupils the values of self-discipline, resilience and endeavour in order to become life-long learners;
- prepare pupils to participate in and contribute to a society with ever changing scientific, technical and international needs.

To this end, the activities that will be provided include those to:

- establish a broad, balanced and innovative curriculum which integrates theory, practice and has enterprise and 'learning by doing' at its core;
- be relentlessly focused on developing the potential of all students, helping them learn for themselves and then support others;
- foster creativity and initiative, encouraging everyone to aim for excellence in all they do;
- build pride by valuing each and every individual and equipping them to take responsibility for their own actions;
- provide a range of additional enrichment activities for every student beyond the normal academy day;
- build strong partnerships with parents, carers, employers and the local community, with the academy becoming a centre of learning for the local community;
- work with a range of partners, including business, together with further and higher education to enhance the curriculum, provide work placements and to build strong employability skills;
- recruit, retain and develop high quality, enterprising and open minded staff that are positive, cooperative and contributing members of the local community and make best use of existing and new staff expertise;
- make extensive and innovative use of well-designed ICT to engage learners and improve teaching and administration.

c. Public benefit

In setting objectives and planning for activities, the Governors have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'. The main public benefit delivered by The Fernwood Academy Trust is the maintenance and development of a quality education by the school. It is the Governors' aim to deliver outstanding learning to all its students during the journey of improvement towards excellence.

d. Equal opportunities policy

The Governors recognise that equal opportunities should be an integral part of good practice within the work place. The Fernwood Academy Trust aims to establish equal opportunities in all areas of its activities including the creation of a working environment in which the contribution and needs of all people are fully valued.

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Governors' Report (continued)
For the year ended 31 August 2021

Strategic report

Achievements and performance

a. Key performance indicators

This is Fernwood School's tenth annual report since converting to academy status on 1st May 2011. The reporting year was dominated by the swiftly changing Covid 19 pandemic and national pandemic measures, the Covid 19 restrictions and precautions (including Lateral Flow testing and bubbles) put in place to reduce the risk of Covid 19 infections. The school re-opened fully in September 2020 with all DfE and PHE advised Covid 19 restrictions and precautions in place. The increasing infection rate in early January led to a third national lockdown which led to schools being closed from 6th January 2021 to 8th March 2021. High quality remote teaching and learning was provided to pupils during this period. The school remained open to vulnerable children and those of key workers throughout.

In the circumstances, the narrative of this report is very different to those of previous years prior to the Covid 19 pandemic and the following overview of achievements, developments and proposals is therefore presented:-

Governance

DfE guidance was clear that school governance would not be suspended during the Covid 19 pandemic and that it was for individual Trusts/Governing Bodies to determine appropriate arrangements to ensure such governance continuity.

For the 2020/2021 academic year the well established governance arrangements prior to the first school lockdown were resumed and a small number of the emergency governance measures adopted during the first lockdown continued:

- In view of the swiftly changing Covid 19 situation it was agreed that the revision to the Governing Body Scheme of Delegation for 2019/20 be continued for the 2020/21 academic year in order to enable the Chair of the Governing Body, in consultation with the Chairs of the Pupils and Personnel and Finance, Audit and Risk Committees and the Head Teacher, to take urgent decisions before a formal meeting could be convened. Any such actions to be reported to the first available Trust/Governing Body meeting (in the event only a very small number of urgent decisions mainly relating to the approval of adjustments to the whole school Covid 19 risk assessment were made).
- The increasingly worsening Covid 19 situation and Covid 19 restrictions made it essential for the governing body to hold all governing body and committee meetings on a virtual basis following the first face to face meeting in September 2020 to maintain business continuity in accordance with the DfE/NGA advice referred to above and the content of the Trust Articles of Association.
- The content of the September 2020 Academies Financial Handbook required some amendments to the Governing Body's current ways of working in the Finance and Audit Committee. The relevant area of the Handbook prescribes the name of the Committee which was changed to the Finance, Audit and Risk Committee and membership. In the latter case the Head Teacher, as an employee and Accounting Officer, cannot be a member of the Committee and other employees should not participate when audit matters are discussed. These changes were implemented from September 2020.
- 6 formal Board meetings scheduled for the year took place, supported by a Committee structure. The Governing Body continued to operate as a strong corporate body. A small membership turnover took place in the year and the Governing Body has been able to successfully recruit to vacancies by appointing suitably skilled and experienced persons.
- The Governing Body continues to feel that it is well led by its Chair who maintains a good working relationship with senior leadership at the school, continuing to hold regular business meetings with the Head Teacher.

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Governors' Report (continued)
For the year ended 31 August 2021

Strategic report (continued)

Achievements and performance (continued)

- Agenda content of the virtual Trust and committee meetings was informed by the DfE/NGA advice referred to, namely business continuity arrangements (finance, staffing, site and the impact of the Covid 19 restrictions and precautions on these areas, noting any urgent decisions taken) and monitoring key areas of activity (re-opening of the whole school in September 2020 (after first lockdown) and 8th March 2021 (after the third lockdown)), care of vulnerable children and those of key workers, quality of remote learning/blended learning, support to pupils isolating, support to parents with home education, the implementation of centre assessed grades and monitoring pupil and staff wellbeing.
- The structured schedule of Governor visits was held in abeyance and then deferred to autumn 2021 due to the changing Covid 19 situation, second school lockdown, extra duties being undertaken by staff and shortage of teaching staff due to isolation and in the summer term with teaching staff being focused on Centre Assessed Grades and keeping the school safe.
- A reduced number of Governor visits took place either online or in person focused on monitoring priorities due to Covid.
- Governor challenge in holding the Head Teacher to account continues to be a firm feature of all meetings and challenge and questions are recorded in all minutes. Governor impact in the reporting year can be evidenced through the continued arrangements for governance during the pandemic and second school closure and the rigour applied to fiduciary duties, all referred to at some point in this report.
- The Governing Body continued to subscribe to the NGA for 2021 to enable Governors to have access to a wider range of governance related information and advice including advice on governance and Covid 19 strategic priorities.

School Standards

- Last year's report provided draft outcomes for 2019 GCSE results. The Governing Body was advised of revised, firmer, figures later in the year. The average Attainment 8 figure for 2019, was 52.46 and the Progress 8 for 2019 improved to +0.27. This was the school's best performance since the new accounting measures were introduced in 2016. Outcomes for disadvantaged students were in the top 20% of schools nationally for progress for such students.
- Due to the school closure, formal GCSE examinations for 2021 were cancelled and result outcomes were based on teacher assessments. The information below sets out how this process was approached in school.
- Following guidance from the Examination Boards the school's centre undertook a three-stage process to generate school centre assessment grades and a rank order of general qualifications. Details of each stage are provided below.

Stage One

Teaching staff provided Teacher Assessed Grades (TAGs) for each student they taught indicating the grade they believed each student was most likely to achieve in their examinations. The estimation was based on their professional knowledge, understanding and judgement of the assessment structure, awarding criteria and each student's performance using a range of evidence, including:

- Non-examined assessments (where applicable)
- Mock Examinations (when applicable)
- Classwork and homework
- Attitude and engagement within the learning environment
- Internal assessment trackers and data analysis tools
- Commitment to, and completion of, revision – including attendance at the additional revision sessions provided since January

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Governors' Report (continued)
For the year ended 31 August 2021

Strategic report (continued)

Achievements and performance (continued)

Stage Two

A series of departmental meetings were held to ensure all grades were agreed between all the subject teachers within a subject. Departments used a subject specific data analysis tool to set and review a rank order for grades within each grade threshold. For example, all students estimated to achieve a grade three were rank ordered by the student considered the most secure in the grade down to the student considered the least secure in the grade. The order was created using a wide range of evidence available to the teaching staff (as per Stage One) and the rank order was agreed by all teachers within a subject.

The same tool provided an analysis on how the TAGs compared to the actual results the subject achieved in the previous year under the previous cohort (Key Stage 4 results 2019). Following the guidance provided by the examination bodies, each subject assessed whether the performance of their TAGs was reasonably similar to the historic performance of the subject. Taking into account performance trajectories, and any significant variables that could impact on subject performance, subject leaders moderated any significant variations.

Where changes were made the supporting evidence for the original predicted grade and rank were reviewed on an individual basis. The school internally analysed the accuracy of its predictions each results season as part of a strategy to improve the accuracy of staff. Leadership knew from historic data that most (i.e. the highest proportion) school predictions are accurate, but there is a sizeable proportion of predictions each year that are above or below the result. This was a factor considered when moderating significant variations between TAG performance and historic performance.

Once all predicted grades, grade ranks and moderations had been agreed within a subject the subject leader then completed and submitted a 'Teacher Assessed Grades – Subject Evidence and Reflection' document which was reviewed by the Head of Department and shared with the Senior Leadership Team. The document elaborated on the evidence used to set the predicted grades and grade ranks, and reflected on the performance of the cohort and any significant factors that should be taken into consideration.

Stage Three

A team of data and performance leads within the Senior Leadership Team analysed all predicted grades, grade ranks, and evidence and reflection documents. This level of analysis considered whole school performance and subject level performance both present and past. It was conducted with an open dialogue with subject leaders and any exceptional performances, whether at a subject level or a student level, were explored. Once this level of analysis was complete, and it was agreed by the whole team that the predictions were objectively set and as accurate as possible, the Head of Centre, Paul Burke, was presented with a summary of the findings. The Head of Centre then reviewed all predicted grades and grade ranks and, once satisfied with the accuracy and validity of the data, signed it off to become the school's centre assessment grades and rank order of general qualifications. This data was then submitted to the examination bodies.

At the time of writing a small number of non GCSE exams have yet to be returned from the exam boards. 2020 results, using 2019 coefficients gave an Attainment 8 score of 55.54 and a Progress 8 score of 0.45. Using the same 2019 coefficient the 2021 Progress 8 score achieved was 0.75

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Governors' Report (continued)
For the year ended 31 August 2021

Strategic report (continued)

Achievements and performance (continued)

School Finances

- The Governing Body was again pleased to receive a clean audit in 2019/20 with no findings identified by the external auditors. Internal audit reports in the period also continued to find no significant issues.
- The carry-forward into 2020/21 was confirmed at £1.024m. Termly reviews of both the in-year revenue budget and the projections of the medium term financial plan enabled the Governing Body to continue its focus in maintaining the Academy's financial position due to continuing pressure on the school budget, a pressure exacerbated by a second school closure, introduction of lateral flow testing for all pupils on re-opening the school in September 2020 and 8th March 2021, Covid 19 precautionary measures including increased cleaning and staff shortage due to isolation. Additional funding was provided by the DfE to cover some of the additional Covid 19 costs incurred by academies and schools. Such reports were accompanied by further papers on the Trust's cash flow position and key financial performance indicators.
- The prudent financial discipline adopted in previous years informed the termly reviews referred to above and ensured that Governors continued to carry out their strategic financial monitoring role in an effective manner. In coming to a year-end position on the management accounts for 2020/21 and also in setting a budget for 2021/22 best estimates were applied in relation to covid related income and expenditure and the approach to be taken by the DfE on such matters.
- Given the above caveats, a 2020/21 year-end surplus of £946k was projected (which would protect the budget in future years in the light of the information presented in the following paragraph). This was an improvement on the projection at the beginning of the 2020/21 year.
- In setting the budget for 2021/22, an in-year deficit position was presented in the sum of £144k. The budget would then move into a positive in-year surplus position in 2022/2023 and 2023/2024. The situation was due to the lagged funding model for pupil funding caused by the gradual increase in pupil numbers following the increase in PAN. Governors were advised that proper accounting procedures had been followed in presenting the information in this manner and it was noted that, due to the same funding model, a return to in-year surplus was projected in 2022/23 and 2023/2024. On this basis, a budget for 2020/21 was approved with the in-year deficit reported above but still with a projected year-end surplus of £802k.
- The requirement to produce and submit the medium term financial plans to the ESFA had been re-instated for 2021/2022.
- The in-depth consideration of the content of the Risk Register, undertaken by the Finance, Audit and Risk Committee on a termly basis, continued (for example, to react to the covid-19 threat).
- IT/Cyber Security has been identified as a potential risk for schools and academies generally. To address this risk as part of the school's internal scrutiny an external company carried out a cyber/IT security audit at the school, producing a report and recommendations which were acted upon.
- An updated Academy Trust Handbook was issued in September 2020, which included the requirement to prepare an internal scrutiny report which needed to be sent to the ESFA with the statutory financial statements and audit findings report was introduced and implemented. All other associated issues in this respect are reported in the governance section of the review.
- The requirement for all EFSA letters to Academy Chief Financial Officers to be formally reported to the Governing Body continued to be adhered to and all such letters were so reported during the year.

School Staffing

- Inevitably some staff turnover took place over the year but the Academy continued to be able to attract suitable replacements, supported by Governors in the recruitment process where this was possible. When necessary arrangements were made to conduct interviews with candidates on a virtual basis in order that appointments were in place for September 2021. All appointments were reported to the Academy Trust or Governing Body.
- It had been agreed due to the pressures on the school arising from the school closure and partial re-opening that the post of Deputy Head Teacher would be advertised in the 2020 autumn term. The successful appointment to the Deputy Head Teacher post was made in November 2020 from a wide field of applicants. The appointment took place from 1st January 2021.

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Governors' Report (continued)
For the year ended 31 August 2021

Strategic report (continued)

Achievements and performance (continued)

- Outcomes from teachers' performance appraisal in 2019/20 were considered by the Pupils and Personnel Committee in the autumn term having regard to targets set for the preceding year in accordance with the Fernwood appraisal process and, in appropriate cases, salary progression was approved with effect from 1st September 2020.
- The Academies Financial Handbook in September 2018 determined that formal arrangements for the reporting of executive pay were required. In the circumstances, the Trust established such arrangements (including the appointment of an external consultant) which were applied in the appraisal of the Head Teacher's performance against the targets set for 2019/20. The outcome was reported to the Pupils and Personnel Committee in November 2020.
- The Academy incurred additional supply staff costs due to Covid.

Buildings

- Due to a number of delays the new build was opened for use in September 2021 (instead of as originally planned December 2019) within budget and within the finance provided by DfE and LA. While a number of snagging issues are still being addressed the new build has been a successful addition to the school.
- It was unanimously agreed that the new building be named the Paul Irons building in recognition of the contribution Mr Paul Irons MBE has made to the school and community.

Admissions

- The Governing Body continues to operate as an Own Admissions Authority, adhering to the 2014 School Admissions Code. The Academy continues to be popular and heavily over-subscribed. Some 616 applications were received for the 300 places available for the September 2021 year 7 intake, this being the second year of the revised PAN of 300 (the number of applications being significantly up on the 515 received for intake in 2020/21). The increased PAN has relieved the historic local pressure for places as all applications for siblings, in-catchment, feeder school and children of staff members were able to be met. Indeed, some 30 out of catchment applications could also be met on this occasion.
- Admissions for 2020/21 were ranked in accordance with the Academy's approved admissions arrangements and the Code referred to above. Further internal rigour continues to be added to the process in checking applications. This applies also to in-year applications which the Trust continues to administer internally. Any in-year applications are considered by Governors prior to places being offered. Any appeals against admission decisions are processed in accordance with the 2012 School Admissions Appeals Code and the Trust continued in the 2020/2021 academic year (up to 27th August 2021) to contract with Nottinghamshire County Council who provide a Clerked Appeals Service.
- No consultation was required for the proposed admission arrangements for 2022/23 and the Governing Body formally adopted the 2022/23 admission arrangements in January 2021.

Safeguarding/Behaviour/Exclusions

- Senior leadership continued to apply a high priority to safeguarding issues within the school. Staff training was regularly updated and staff were made aware of the revised Keeping Children Safe in Education guidance, September 2020. The school safeguarding policy had been revised in the light of the school closure and the requirement for home/distance learning and the Academy Trust had approved this document.
- Two permanent exclusions were issued by the Head Teacher in the reporting year and the Governing Body's Pupil Discipline Committee upheld the Head's decision in both cases. General information on these cases and also internal and fixed term exclusions are reported to the Governing Body on a termly basis.
- Attendance was monitored and recorded as was Covid student absence in line with national and local requirements.

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Governors' Report (continued)
For the year ended 31 August 2021

Strategic report (continued)

Achievements and performance (continued)

Miscellaneous

The practice of providing more information to Governors through presentations to enable them to carry out their core duties more effectively continued. During the year the following presentations were made:

- 2020 Examination Performance Outcomes
- Covid 19 Preparations and Developments
- Blended Learning

b. Going concern

After making appropriate enquiries, the board of Governors has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue 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 accounting policies.

Financial review

a. Reserves policy

The academy held total reserves of £10,415,000 including £13,926,000 in fixed asset reserves.

A deficit of £3,511,000 has arisen on the General Restricted Fund. This is due to the deficit of £4,514,000 on the Local Government Pension Scheme ("LGPS") which is allocated to this fund. The LGPS liability will not crystallise immediately and, as a consequence, any following commentary with regard to the Restricted General Fund excludes the LGPS deficit.

The governors have set a reserves policy as follows:

- Maintain £300,000 in reserves in order to cover any unexpected urgent expenditure requirements
- Maintain sufficient reserves to cover the cost of replacing the academy's existing ICT equipment and buildings when they come to the end of their useful life.

The reserves policy excludes fixed asset reserves. It also excludes any deficit in respect of the pension liability. Balances as at 31 August 2021 exceeded those required to be held under the reserves policy.

b. Investment policy

The academy operates an investment policy that seeks to maximise returns, commensurate with a very low risk profile.

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Governors' Report (continued)
For the year ended 31 August 2021

c. Principal risks and uncertainties

Given the nature of the academy's operations and financing, the financial risks faced by the academy are limited. The academy manages such risks by ensuring an adequate level of reserves is maintained to deal with unexpected events. The academy also carefully monitors and manages cash flow through the year including working capital requirements.

A liability of £4,514,000 is shown in the academy balance sheet in respect of the local government pension scheme. The academy does not expect to have to fund the deficit other than in the normal course of making contributions to the pension fund. The risk to the academy is that if the deficit increases so too will the amount of pension contributions the academy is required to make. However this risk may be mitigated by any future proposed reform of the pension scheme. The academy maintains a three year financial plan, which considers various funding scenarios and how these can be managed and planned for. The academy's risk management policy requires the governors to assess the major risks to which the trust will be exposed and consider how the risks can be managed and mitigated.

Capital works

The academy requires large amounts of building and maintenance work, due to the buildings that house the academy being old and, in some cases, quite frail. It is difficult to assess what health and safety issues will emerge throughout the year and cost can build up. The building/maintenance work is continuous and can lead to disruption to pupils and staff. These risks are managed through the academy holding a large reserve and timing building/maintenance works to be scheduled for completion out of school hours and during the holidays where practical.

Funding

The Department for Education (DfE) continues to work towards a national funding formula whereby the academy is unlikely to lose more than 2% funding per pupil over the medium term. The introduction of additional time limited funding for teacher salaries and pensions has supported the school in mitigating financial pressures relating to increased staffing costs. The academy continues to hold a large reserve which will support the academy if funding were to decrease.

Child protection and welfare issues

This is managed through having clear child protection and health and safety policies; Adherence to statutory recruitment procedures including CRB checks; child protection training for all staff; conducting external child protection and health and safety audits and implementing any recommendations. The academy employs a dedicated child protection officer and retains the services of a strategic health and safety advisor.

Fundraising

The academy holds regular Where What You Like Day's for pupils to raise funds. The funds are for both the academy and external charities, external fundraising has been undertaken for projects such as Comic Relief and Movember. The academy has also set up an optional donation's item on ParentPay, the academy's electronic payment system. All participation by staff, pupils and parents is completely voluntary. The academy does not work with any commercial participators.

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Governors' Report (continued)
For the year ended 31 August 2021

Plans for future periods

In accordance with the aims and objectives of The Fernwood Academy Trust, the performance of its students at all levels and will continue to ensure that all students progress to further and higher education.

The Academy will continue to develop outstanding teaching and learning as identified by Ofsted in April 2012 by attracting, recruiting and developing outstanding teachers and leaders. This will be achieved by further developing the school's professional development road map.

The Academy will push boundaries in relation to curriculum innovation. In particular it seeks to focus on the use of new technology to expand the areas of science, engineering, maths and computing.

The specific focus for 2021-22 is to:

- Continue to improve outcomes for all students with a particular focus on narrowing the gap in achievement between advantaged and disadvantaged students
- Continue to enhance provision for, and the achievement of students who enter the school below L4 in mathematics and reading and for those students who have special educational needs and/or disabilities
- Continue to develop the school curriculum in light of government changes to the National Curriculum and external examinations
- Continue to strengthen partnership work with other schools, notably Bilborough College and George Spencer Teaching School Alliance and Nottingham University.

Disclosure of information to auditors

Insofar as the Governors are aware:

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

The Governors' Report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on *1 December 2021* and signed on its behalf by:



Mr P Irons
Chair of the Governing Body



Mr P A Burke
Accounting Officer

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Governance Statement

Scope of responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that The Fernwood Academy Trust 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 Governors, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

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

Governance

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

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

Governor	Meetings attended	Out of a possible
Mr P Irons, Chair	6	6
Mrs U Afzal	5	6
Dr S Ahmad	1	1
Mr N Capon	5	6
Mr M Blatchly	6	6
Mrs C Donaldson	6	6
Mr S Deadman-Corsie	6	6
Mr C Gregory	5	6
Mrs R Hudlin	6	6
Mr A Hunt, Vice Chair	6	6
Mr A Ishaque	6	6
Mr N Jackson	6	6
Mr L J Mead	4	6
Ms A Smart-Gosrani	5	6
Mr A Hicks	5	6
Mr P A Burke	6	6
Mr K Beswick	5	6
Mrs R Bennett	5	6
Mrs A Hopkinson	6	6
Mr S Graves	0	0
Ms F J Moore	2	2

- The policy review undertaken in 2019/2020 has led to a much more efficient and effective system for reviewing policies.
- The Trust's governance arrangements are reviewed annually with due regard to any changes in legislation and governors are satisfied the scheme of delegation and committee structures remain fully fit for purpose.
- The next Self-evaluation of the trust governing body will take place in the 2021/2022 academic year.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Governance Statement (continued)

Governance (continued)

The Finance, Audit and Risk Committee is a sub-committee of the main Board of Governors. Part of its remit is to consider all financial management, internal control and budgeting matters and advise the Governing Body on appropriate courses of actions in relation to these matters.

Attendance during the year at meetings was as follows:

Governor	Meetings attended	Out of a possible
Mr P Irons	3	3
Mr M Blatchly	2	3
Mr P A Burke	3	3
Mr S Deadman-Corsie	3	3
Mr C Gregory	3	3
Mrs R Hudlin	3	3
Mr A Hunt	3	3
Mr N Jackson	3	3
Mr N Capon	3	3

Review of value for money

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

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

- A restructure of the administrative team to effectively accommodate the academy's ongoing expansion was implemented in September 2020.
- Regularly reviewing the functions of the academy and challenging how and why services are provided and setting targets and performance indicators for improvement.
- Monitoring outcomes and comparing performance with similar academies.
- Consulting appropriate stakeholders before major decisions are made; and prompting fair competition through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way.

Value for money examples:

- A continued reduction in the number of surplus teaching periods has ensured that the cost ratio of teacher periods: student numbers has reduced even though the number of students has increased by 100 in Year 7.
- Since January 2013 the Trust has outsourced its finance function to SAAF Education Ltd. This is reviewed regularly to ensure continued best value.

The Trust is committed to continued best value for money practice and will be reviewing the following areas in future periods:

- Ongoing review of the curriculum and its delivery
- Ongoing review of back office systems
- Ongoing review of facilities management

THE FERNWOOD ACADEMY TRUST
(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 The Fernwood Academy Trust 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 Governors has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 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 Governors.

The risk and control framework

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

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

The Board of Governors has decided to employ Hobsons (Chartered Accountants) as internal auditor.

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

- testing of purchase systems
- testing of payroll systems
- testing of control account/bank reconciliations
- testing capital contracts
- testing of income transactions

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

The Board of Governors confirm that the internal auditor has delivered their schedule of work as planned.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Governance Statement (continued)

Review of effectiveness

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

- the work of the internal auditor;
- the work of the external auditors;
- 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 Finance and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Governors on *1 December 2021* and signed on their behalf by:



Mr P Irons
Chair of the Governing Body



Mr P A Burke
Accounting Officer

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of The Fernwood Academy Trust I have considered my responsibility to notify the Academy board of Governors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

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



Mr P A Burke
Accounting Officer

Date: 1 December 2021

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Statement of Governors' responsibilities
For the year ended 31 August 2021

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 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 Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

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

1 December 2021



Mr P Irons
Chair of the Governing Body

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of The Fernwood Academy Trust

Opinion

We have audited the financial statements of The Fernwood Academy Trust (the 'academy') 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'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 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 Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Academy'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 Governors with respect to going concern are described in the relevant sections of this report.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of The Fernwood Academy Trust (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 Governors 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 Governors' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of The Fernwood Academy Trust (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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the company and industry, key laws and regulations that we identified included the Companies Act, Charities SORP and guidance included within the Academies Financial Handbook and Accounts Direction.

We identified that the principal risk of fraud or non-compliance with laws and regulations related to:

- management bias in respect of accounting estimates and judgements made
- management override of controls
- posting of unusual journals or transactions
- non-compliance with the Academies Financial Handbook and Accounts Direction

We focussed on those areas that could give rise to a material misstatement in the Company financial statements. Our procedures included, but were not limited to:

- Enquiry of management and those charged with governance/review of correspondence around actual and potential litigation and claims, including instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of meetings of those charged with governance where available;
- Reviewing legal expenditure in the year to identify instances of non-compliance with laws and regulations and fraud and enquiries with third party advisors about potential claims
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias. In particular in relation to the LGPS valuation.
- A separate limited scope regularity review has been undertaken in respect of compliance with the Academies Financial Handbook and our report in respect of this is contained within the financial statements;

It is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of The Fernwood Academy Trust (continued)

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

Use of our report

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

PKF Smith Cooper Audit Limited

Sarah Flear (Senior Statutory Auditor)
for and on behalf of
PKF Smith Cooper Audit Limited
Chartered Accountants and Statutory Auditors
NG1 1PB

Date: *10/12/21*

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

**Independent Reporting Accountant's Assurance Report on Regularity to The Fernwood Academy Trust
and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 7 August 2020 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 The Fernwood Academy Trust 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 The Fernwood Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Fernwood Academy Trust 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 The Fernwood Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Fernwood Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Fernwood Academy Trust's funding agreement with the Secretary of State for Education dated 27 March 2019 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 engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

The work undertaken to draw to our conclusion was as follows:

- Planned our assurance procedures including identifying key risks;
- Carried out a programme of substantive testing, including review of the program of work and findings in relation to internal scrutiny;
- Undertook controls testing where considered appropriate;
- Concluded on the procedures undertaken.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

**Independent Reporting Accountant's Assurance Report on Regularity to The Fernwood Academy Trust
and the Education & Skills Funding Agency (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 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.

PKF Smith Cooper Audit Limited

PKF Smith Cooper Audit Limited
2 Lace Market Square
Nottingham
NG1 1PB

Date: *16/12/21*

THE FERNWOOD ACADEMY TRUST
(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	-	9	-	9	2,082
Funding for the academy trust's educational operations	4	38	6,515	39	6,592	6,093
Other trading activities	5	105	39	-	144	204
Investments		-	-	-	-	1
Total income		143	6,563	39	6,745	8,380
Expenditure on:						
Raising funds	6	216	-	-	216	228
Academy trust educational operations	7	11	6,724	398	7,133	6,494
Total expenditure		227	6,724	398	7,349	6,722
Net (expenditure)/income		(84)	(161)	(359)	(604)	1,658
Transfers between funds	17	-	(74)	74	-	-
Net movement in funds before other recognised gains/(losses)		(84)	(235)	(285)	(604)	1,658
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	23	-	(338)	-	(338)	(809)
Net movement in funds		(84)	(573)	(285)	(942)	849
Reconciliation of funds:						
Total funds brought forward		560	(3,414)	14,211	11,358	10,509
Net movement in funds		(84)	(573)	(285)	(942)	849
Total funds carried forward		476	(3,987)	13,926	10,415	11,358

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

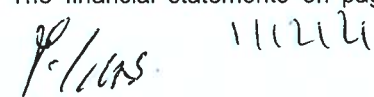
The notes on pages 30 to 55 form part of these financial statements.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)
Registered number: 07597390

Balance Sheet
As at 31 August 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	12	13,926	14,211
		13,926	14,211
Current assets			
Stocks	13	2	1
Debtors	14	366	533
Cash at bank and in hand	21	772	906
		1,140	1,440
Creditors: amounts falling due within one year	15	(137)	(416)
		1,003	1,024
Net current assets		1,003	1,024
Total assets less current liabilities		14,929	15,235
Net assets excluding pension liability		14,929	15,235
Defined benefit pension scheme liability	23	(4,514)	(3,878)
Total net assets		10,415	11,357
Funds of the Academy			
Restricted funds:			
Fixed asset funds	17	13,926	14,211
Restricted income funds	17	527	464
		14,453	14,675
Restricted funds excluding pension asset	17	14,453	14,675
Pension reserve	17	(4,514)	(3,878)
		9,939	10,797
Total restricted funds	17	9,939	10,797
Unrestricted income funds	17	476	560
		10,415	11,357
Total funds		10,415	11,357

The financial statements on pages 27 to 55 were approved by the Governors, and authorised for issue on and are signed on their behalf, by:


Mr P Irons
 Chair of the Governing Body

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

Statement of Cash Flows
For the year ended 31 August 2021

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	19	(21)	159
Cash flows from investing activities	20	(113)	(690)
Change in cash and cash equivalents in the year		(134)	(531)
Cash and cash equivalents at the beginning of the year		906	1,437
Cash and cash equivalents at the end of the year	21, 22	<u>772</u>	<u>906</u>

The notes on pages 30 to 55 form part of these financial statements

THE FERNWOOD ACADEMY TRUST
(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, 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.

The Fernwood Academy Trust meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in Sterling which is the functional currency of the company and rounded to the nearest £1,000.

1.2 Going concern

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

1.3 Income

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable 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.

THE FERNWOOD ACADEMY TRUST
(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)

- **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.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.4 Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

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

1.6 Taxation

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

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

THE FERNWOOD ACADEMY TRUST
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1. Accounting policies (continued)

1.7 Tangible fixed assets

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

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Furniture and equipment	-	20% straight line
Computer equipment	-	33% straight line
Motor vehicles	-	25% straight line

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

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

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 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.

1.10 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.

1.11 Liabilities

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy 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.

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Notes to the Financial Statements
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1. Accounting policies (continued)

1.12 Financial instruments

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy 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's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

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

1.13 Pensions

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

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

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

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

THE FERNWOOD ACADEMY TRUST
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Notes to the Financial Statements
For the year ended 31 August 2021

1. Accounting policies (continued)

1.14 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

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

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Notes to the Financial Statements
For the year ended 31 August 2021

3. Income from donations and capital grants

	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000	<i>Total funds 2020 £000</i>
Donations	9	-	9	2
Capital Grants	-	-	-	2,080
	<hr/>	<hr/>	<hr/>	<hr/>
	9	-	9	2,082
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2020</i>	2	2,080	2,082	
	<hr/>	<hr/>	<hr/>	

THE FERNWOOD ACADEMY TRUST
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Notes to the Financial Statements
For the year ended 31 August 2021

4. Funding for the Academy's funding for academy trust's educational operations

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000	<i>As restated</i> Total funds 2020 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,485	5,485	5,369
Other DfE/ESFA grants				
Pupil Premium	-	174	174	170
Teachers' pay and pension grants	-	284	284	273
Other DfE Group grants	-	78	78	27
	-	6,021	6,021	5,839
Other Government grants				
Local authority grants	-	309	309	35
Special educational projects	-	17	17	17
	-	326	326	52
Other income from the Academy's funding for academy trust's educational operations	38	50	88	127
COVID-19 additional funding (DfE/ESFA)				
Catch-up Premium	-	91	91	-
Other DfE/ESFA COVID-19 funding	-	66	66	75
	-	157	157	75
	38	6,554	6,592	6,093
<i>Total 2020 as restated</i>	33	6,060	6,093	

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the academy's funding for Pupil Premium and Teachers' pay and pension grants are 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 received £91k of funding for catch-up premium and costs incurred in respect of this funding totalled £91k.

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Notes to the Financial Statements
For the year ended 31 August 2021

5. Income from other trading activities

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000	<i>Total funds 2020 £000</i>
Catering income	95	-	95	144
Hire of facilities	10	-	10	16
Staff consultancy	-	39	39	44
	<u>105</u>	<u>39</u>	<u>144</u>	<u>204</u>
<i>Total 2020</i>	<u>160</u>	<u>44</u>	<u>204</u>	

6. Expenditure

	Staff Costs 2021 £000	Premises 2021 £000	Other 2021 £000	Total 2021 £000	<i>As restated Total 2020 £000</i>
Expenditure on raising voluntary income:					
Direct costs	107	-	109	216	228
Funding for academy trust's educational operations:					
Direct costs	5,021	-	465	5,486	5,154
Allocated support costs	815	520	312	1,647	1,340
	<u>5,943</u>	<u>520</u>	<u>886</u>	<u>7,349</u>	<u>6,722</u>
<i>Total 2020 as restated</i>	<u>5,421</u>	<u>424</u>	<u>877</u>	<u>6,722</u>	

Prior year numbers have been restated following the reclassification of off-payroll expenditure to staff costs.

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Notes to the Financial Statements
For the year ended 31 August 2021

7. Analysis of expenditure by activities

	Activities undertaken directly 2021 £000	Support costs 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Funding for academy trust's educational operations	5,486	1,647	7,133	6,494
<i>Total 2020</i>	<i>5,154</i>	<i>1,340</i>	<i>6,494</i>	

Analysis of direct costs

	Total funds 2021 £000	Total funds 2020 £000
Teaching and educational support staff costs	5,021	4,642
Depreciation	94	58
Educational supplies	185	222
Examination fees	84	68
Staff development	4	12
Educational consultancy	31	30
Other direct costs	4	70
Technology costs	63	51
Travel and subsistence	-	1
	5,486	5,154

THE FERNWOOD ACADEMY TRUST
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Notes to the Financial Statements
For the year ended 31 August 2021

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2021 £000	<i>As restated Total funds 2020 £000</i>
Staff costs	816	675
Depreciation	304	194
Insurance	20	22
Technology costs	14	22
Water rates	7	10
Recruitment and support	11	5
Maintenance of premises	85	79
Cleaning	24	37
Rates	29	29
Operating lease rentals	15	15
Energy	98	85
Other support costs	150	116
Transport	36	21
Other occupancy costs	21	16
Governance costs	17	14
	<u>1,647</u>	<u>1,340</u>

THE FERNWOOD ACADEMY TRUST
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Notes to the Financial Statements
For the year ended 31 August 2021

8. Net (expenditure)/income

Net (expenditure)/income for the year includes:

	2021 £000	2020 £000
Operating lease rentals	15	15
Depreciation of tangible fixed assets	398	252
Fees paid to auditors for:		
- audit	9	8
- other services	8	6
	15	277

During the year there were no individual transactions exceeding £5,000 falling under the following headings:

- Ex-gratia/compensation payments
- Gifts made by the trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

9. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021 £000	<i>As restated</i> 2020 £000
Wages and salaries	4,172	3,884
Social security costs	404	392
Pension costs	1,208	1,076
	5,784	5,352
Agency staff costs	159	69
	5,943	5,421

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Notes to the Financial Statements
For the year ended 31 August 2021

9. Staff (continued)

b. Staff numbers

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

	2021	<i>As restated</i>
	No.	<i>2020</i>
		<i>No.</i>
Teachers	78	76
Administration and support	57	53
Management	9	8
	<u>144</u>	<u>137</u>

c. Higher paid staff

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

	2021	<i>2020</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	1	1
In the band £90,001 - £100,000	-	1
In the band £100,001 - £110,000	1	-
	<u>1</u>	<u>-</u>

d. Key management personnel

The key management personnel of the Academy comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy was £847,310 (2020 - £786,050).

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Notes to the Financial Statements
For the year ended 31 August 2021

10. Governors' remuneration and expenses

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

		2021	2020
		£000	£000
Mrs A Hopkinson	Remuneration	25 - 30	25 - 30
	Pension contributions paid	5 - 10	5 - 10
Mr N Jackson	Remuneration	40 - 45	40 - 45
	Pension contributions paid	10 - 15	10 - 15
Mr L J Mead	Remuneration	40 - 45	40 - 45
	Pension contributions paid	5 - 10	5 - 10
Mr P A Burke	Remuneration	100 - 105	90 - 95
	Pension contributions paid	20 - 25	20 - 25

During the year ended 31 August 2021, travel and stationery expenses totalling £173 were reimbursed or paid directly to 3 Governors (2020 - £67 to 1 Governor).

11. Governors' and Officers' insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000. It is not possible to quantify the Governors and officers indemnity element from the overall cost of the RPA scheme.

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Notes to the Financial Statements
For the year ended 31 August 2021

12. Tangible fixed assets

	Freehold property £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 September 2020	15,519	444	693	-	16,656
Additions	1	9	114	20	144
Disposals	(31)	-	(23)	-	(54)
At 31 August 2021	<u>15,489</u>	<u>453</u>	<u>784</u>	<u>20</u>	<u>16,746</u>
Depreciation					
At 1 September 2020	1,615	304	526	-	2,445
Charge for the year	276	29	93	-	398
On disposals	-	-	(23)	-	(23)
At 31 August 2021	<u>1,891</u>	<u>333</u>	<u>596</u>	<u>-</u>	<u>2,820</u>
Net book value					
At 31 August 2021	<u>13,598</u>	<u>120</u>	<u>188</u>	<u>20</u>	<u>13,926</u>
At 31 August 2020	<u>13,904</u>	<u>140</u>	<u>167</u>	<u>-</u>	<u>14,211</u>

Included in freehold property is freehold land at valuation of £1,709,000 (2020: £1,709,000), which is not depreciated.

13. Stocks

	2021 £000	2020 £000
Finished goods and goods for resale	<u>2</u>	<u>1</u>

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Notes to the Financial Statements
For the year ended 31 August 2021

14. Debtors

	2021 £000	2020 £000
Due within one year		
Trade debtors	1	3
Other debtors	6	3
Prepayments and accrued income	222	441
VAT recoverable	137	86
	366	533
	366	533

15. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	24	50
Other creditors	9	17
Accruals and deferred income	104	349
	137	416
	137	416

	2021 £000	2020 £000
Deferred income		
Deferred income at 1 September 2020	108	32
Resources deferred during the year	21	108
Amounts released from previous years	(108)	(32)
	21	108
	21	108

Deferred income relates to SEN grants and lunch payments which relate to the 2021/22 academic and financial year.

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Notes to the Financial Statements
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16. Financial instruments

	2021 £000	2020 £000
Financial assets		
Financial assets measured at fair value through income and expenditure	772	906
Financial assets that are debt instruments measured at amortised cost	7	6
	<u>779</u>	<u>912</u>
	2021 £000	2020 £000
Financial liabilities		
Financial liabilities measured at amortised cost	(116)	(416)

Financial assets measured at fair value through income and expenditure comprises cash at bank.

Financial assets that are debt instruments measured at amortised cost comprises trade debtors and other debtors excluding the VAT debtor.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and other creditors.

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Notes to the Financial Statements
For the year ended 31 August 2021

17. 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	560	143	(227)	-	-	476
Restricted general funds						
General Annual Grant (GAG)	464	5,485	(5,348)	(74)	-	527
Pupil Premium	-	174	(174)	-	-	-
Teachers' Pay and Pension	-	284	(284)	-	-	-
Other DfE grants	-	78	(78)	-	-	-
Catch-up Premium	-	91	(91)	-	-	-
Other DfE/ESFA Covid-19 funding	-	66	(66)	-	-	-
Other income	-	60	(60)	-	-	-
Local authority grants	-	325	(325)	-	-	-
Pension reserve	(3,878)	-	(298)	-	(338)	(4,514)
	<u>(3,414)</u>	<u>6,563</u>	<u>(6,724)</u>	<u>(74)</u>	<u>(338)</u>	<u>(3,987)</u>
Restricted fixed asset funds						
Fixed assets transferred on conversion	6,310	-	(177)	-	-	6,133
DfE Group Capital Grants	4,947	-	(138)	-	-	4,809
Donations	25	-	(1)	-	-	24
Capital expenditure from GAG	1,836	-	(51)	74	-	1,859
Local authority grants	1,093	-	(31)	-	-	1,062
Other income	-	39	-	-	-	39
	<u>14,211</u>	<u>39</u>	<u>(398)</u>	<u>74</u>	<u>-</u>	<u>13,926</u>

THE FERNWOOD ACADEMY TRUST
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Notes to the Financial Statements
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17. Statement of funds (continued)

	Balance at 1 September 2020 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2021 £000
Total Restricted funds	10,797	6,602	(7,122)	-	(338)	9,939
Total funds	11,357	6,745	(7,349)	-	(338)	10,415

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

The General Annual Grant, and other DfE Group grants relate to government funding for the provision of education by the academy including Special Educational Needs projects. Other restricted income relates to non-government restricted funding. Other DfE/ESFA COVID-19 funding includes mass testing income and summer camp income.

Unrestricted reserves comprise the net of income and expenditure from Music, Catering, Lettings and Uniform transactions.

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

The loss of £338,000 is an actuarial loss on the defined benefit pension scheme.

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

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Notes to the Financial Statements
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17. Statement of funds (continued)

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

	<i>Balance at 1 September 2019 £000</i>	<i>As restated Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2020 £000</i>
Unrestricted funds						
General Funds	609	193	(242)	-	-	560
Restricted general funds						
General Annual Grant (GAG)	1,048	5,369	(5,263)	(690)	-	464
Pupil Premium	-	170	(170)	-	-	-
Teachers' Pay and Pension	-	273	(273)	-	-	-
Other DfE grants	-	27	(27)	-	-	-
Other DfE/ESFA Covid-19 funding	-	75	(75)	-	-	-
Other income	-	140	(140)	-	-	-
Local authority grants	-	52	(52)	-	-	-
Pension reserve	(2,841)	-	(228)	-	(809)	(3,878)
	<u>(1,793)</u>	<u>6,106</u>	<u>(6,228)</u>	<u>(690)</u>	<u>(809)</u>	<u>(3,414)</u>
Restricted fixed asset funds						
Fixed assets transferred on conversion	6,441	-	(131)	-	-	6,310
DfE Group Capital Grants	3,735	1,288	(76)	-	-	4,947
Donations	26	-	(1)	-	-	25
Capital expenditure from GAG	1,184	-	(38)	690	-	1,836
Local authority grants	307	792	(6)	-	-	1,093
	<u>11,693</u>	<u>2,080</u>	<u>(252)</u>	<u>690</u>	<u>-</u>	<u>14,211</u>

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17. Statement of funds (continued)

	<i>Balance at 1 September 2019 £000</i>	<i>As restated Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2020 £000</i>
Total Restricted funds	9,900	8,186	(6,480)	-	(809)	10,797
Total funds	10,509	8,379	(6,722)	-	(809)	11,357

18. 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	-	-	13,926	13,926
Current assets	476	664	-	1,140
Creditors due within one year	-	(137)	-	(137)
Provisions for liabilities and charges	-	(4,514)	-	(4,514)
Total	476	(3,987)	13,926	10,415

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2020 £000</i>	<i>Restricted funds 2020 £000</i>	<i>Restricted fixed asset funds 2020 £000</i>	<i>Total funds 2020 £000</i>
Tangible fixed assets	-	-	14,211	14,211
Current assets	560	880	-	1,440
Creditors due within one year	-	(416)	-	(416)
Provisions for liabilities and charges	-	(3,878)	-	(3,878)
Total	560	(3,414)	14,211	11,357

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Notes to the Financial Statements
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19. Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2021	2020
	£000	£000
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(604)	1,658
Adjustments for:		
Depreciation	398	252
Capital grants from DfE and other capital income	-	(2,080)
Interest receivable	-	(1)
Defined benefit pension scheme cost less contributions payable	235	176
Defined benefit pension scheme finance cost	63	52
Decrease in debtors	166	74
(Decrease)/increase in creditors	(279)	28
Net cash (used in)/provided by operating activities	(21)	159

20. Cash flows from investing activities

	2021	2020
	£000	£000
Dividends, interest and rents from investments	-	1
Purchase of tangible fixed assets	(144)	(2,771)
Capital grants from DfE Group	-	2,080
Reduction in prior year addition estimate shown as disposal	31	-
Net cash used in investing activities	(113)	(690)

21. Analysis of cash and cash equivalents

	2021	2020
	£000	£000
Cash in hand and at bank	772	906

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22. 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	906	(134)	772

23. Pension commitments

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

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

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

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

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23. Pension commitments (continued)

The employer's pension costs paid to TPS in the year amounted to £745,000 (2020 - £711,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £213,000 (2020 - £180,000), of which employer's contributions totalled £165,000 (2020 - £137,000) and employees' contributions totalled £ 48,000 (2020 - £43,000). The agreed contribution rates for future years are 20.8 per cent for employers and 5.5 - 12.5 per cent for employees.

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

Principal actuarial assumptions

	2021	2020
	%	%
Rate of increase in salaries	3.90	3.30
Rate of increase for pensions in payment/inflation	2.90	2.30
Discount rate for scheme liabilities	1.65	1.60

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

	2021	2020
	Years	Years
<i>Retiring today</i>		
Males	21.6	21.8
Females	24.3	24.4
<i>Retiring in 20 years</i>		
Males	22.9	23.2
Females	25.7	25.9

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23. Pension commitments (continued)

Sensitivity analysis

	2021 £000	2020 £000
Discount rate +0.1%	7,883	6,627
Discount rate -0.1%	8,263	6,947
Mortality assumption - 1 year increase	8,429	7,048
Mortality assumption - 1 year decrease	7,729	6,532
CPI rate +0.1%	8,243	6,930
CPI rate -0.1%	7,903	6,643
	<u>7,903</u>	<u>6,643</u>

Share of scheme assets

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

	2021 £000	2020 £000
Equities	2,309	1,738
Gilts	116	113
Corporate bonds	225	249
Property	365	383
Cash and other liquid assets	145	114
Other	397	310
	<u>3,557</u>	<u>2,907</u>
Total market value of assets	<u>3,557</u>	<u>2,907</u>

The actual return on scheme assets was £431,000 (2020 - £91,000).

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

	2021 £000	2020 £000
Current service cost	(400)	(313)
Interest cost	(61)	(51)
Administrative expenses	(2)	(1)
	<u>(463)</u>	<u>(365)</u>
Total amount recognised in the Statement of Financial Activities	<u>(463)</u>	<u>(365)</u>

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23. Pension commitments (continued)

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

	2021 £000	2020 £000
At 1 September	6,785	5,419
Interest cost	109	99
Contributions by scheme participants	48	43
Change in financial assumptions	721	1,037
Estimated benefits paid net of transfers in	8	(126)
Current service cost	400	313
At 31 August	<u>8,071</u>	<u>6,785</u>

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

	2021 £000	2020 £000
At 1 September	2,907	2,578
Other actuarial gains/(losses)	-	185
Interest on assets	48	48
Return on assets less interest	383	43
Contributions by employer including unfunded	165	137
Contributions by scheme participants and other employers	48	43
Estimated benefits paid plus unfunded net of transfers in	8	(126)
Administrative expenses	(2)	(1)
At 31 August	<u>3,557</u>	<u>2,907</u>

24. Operating lease commitments

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

	2021 £000	2020 £000
Not later than 1 year	9	15
Later than 1 year and not later than 5 years	-	9
	<u>9</u>	<u>24</u>

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25. Members' liability

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

26. Related party transactions

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

