

MICHAELA COMMUNITY SCHOOL
(A company limited by guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

MICHAELA COMMUNITY SCHOOL
(A company limited by guarantee)
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MICHAELA COMMUNITY SCHOOL

(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	C Amidi S Brittan S Braverman MP
Trustees	C Amadi, Chair S Brittan P Decarlucci M Drabu K Ashford I Fernandez (resigned 3 March 2020) Rev D Ackerman (Resigned 11 September 2019) K Birbalsingh M Chanda M Godfrey C Robinson R Williams L Nyoni (appointed 1 November 2019) D Hall (appointed 1 November 2019) J Davidson (appointed 22 September 2020) S Ting (appointed 22 September 2020)
Company registered number	07645701
Company name	Michaela Community School
Principal and registered office	North End Road Wembley Middlesex HA9 0UU
Senior management team	K Birbalsingh, Headmistress K Ashford, Deputy Head B Williams-Yale, Deputy Head J Porter, Deputy Head O Dyer, Assistant Head J Lund, Director of Sixth Form
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants 16 Great Queen Street Covent Garden London WC2B 5AH
Bankers	Natwest Bank Plc 30 Tooting High Street London SW17 0RG

MICHAELA COMMUNITY SCHOOL

(A company limited by guarantee)

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

Solicitors

Stone King
Boundary House
91 Charterhouse Street
London
EC1M 6HR

MICHAELA COMMUNITY SCHOOL
(A company limited by guarantee)
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

Overview of the year

The school has been developing steadily since it opened in September 2014. We are currently full with 600 pupils at KS3 and KS4, 120 in each year group, and we have a full body of staff. The Sixth Form is growing and has 100 pupils. The capacity for each year in the Sixth Form is 120, but it is unlikely we will meet that number for many years. Thirteen new teachers joined in September 2020, and a number of support staff have been added over the course of the year. GCSE results for our first cohort were excellent, putting Michaela fifth in the country. Due to Covid-19 our Year 11 pupils were unable to sit their GCSEs. However, they were awarded centre assessed grades. The results of these were broadly in line with our outcomes in 2019.

Structure, governance and management

a. Constitution

The Academy is a charitable company limited by guarantee and an exempt charity. The charitable company's Articles of Association (dated 24 May 2011) is the primary governing document of the academy trust. The trustees of Michaela Community School are also the directors of the charitable company for the purpose of company law.

Details of the trustees who served during the year 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. Method of recruitment and appointment or election of trustees

The management of the academy is the responsibility of the trustees who are elected and co-opted under the terms of the Articles of Association.

The board of governors shall comprise the trustees (who are also directors of the charity for the purposes of the Companies Act) together with additional ex-officio governors.

The number of governors shall be not less than three but shall not be subject to any maximum.

The board of governors shall be comprised of:

- Those appointed by the members
- Staff governors, provided that the total number of staff governors (including the principal) does not exceed one third of the total number of governors
- Parent governors, who are appointed through an election process, acting as a voice for the parents
- The Principal

The term of office for any governor shall be four years, excepting the Principal.

Structure, governance and management (continued)

d. Policies adopted for the induction and training of trustees

The governors review the skills of the board regularly to ensure that the governing body has the necessary skills to contribute fully to the school's development. Where particular skills are missing they will seek to fill the gap through the knowledge and contacts made by existing governors and through approaches to the local community.

Whilst the training and induction of new governors will depend upon their existing experience, all new governors will have the opportunity to visit the school and meet with the principal and chair. Further support for governors is provided through membership of the National Governors' Association.

e. Organisational structure

The board of governors shall hold at least three meetings in every school year. Strategic decisions are taken by the board and day to day management is delegated to the principal and the senior leadership team.

f. Pay policy for key management personnel

All staff are paid in accordance with national pay-scales and performance management criteria, as published by the Department for Education.

g. Connected organisations, including related party relationships

Whilst the academy works with a number of individuals and organisations, none of these are connected to the academy.

The academy board understands that goods or services provided by individuals or organisations connected to the academy must be provided at 'no more than cost', on the basis of an open book agreement and supported by statements of assurance.

There were no related party transactions in the year, other than those detailed in note 25 to the financial statements.

h. Trustees' indemnities

The trustees shall be indemnified for any liabilities arising out of the affairs of the academy. The trust has £10,000,000 trustees' cover provided by the Department for Education's risk protection arrangement (RPA).

Objectives and activities

a. Objects and aims

The academy trust's objects are 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 and balanced curriculum.

Objectives and activities (continued)

b. Objectives, strategies and activities

The main objectives of the trust during the year ended 31 August 2020 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care
- to raise the standard of educational achievement of all pupils
- to improve the effectiveness of the school by keeping the curriculum and organisational structure under continual review
- to provide value for money for the funds expended
- to comply with all appropriate statutory and curriculum requirements
- to conduct the school's business in accordance with the highest standards of integrity, probity and openness

c. Public benefit

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

Details of how the academy has fulfilled its public benefit requirements are detailed below.

Achievements and performance

Strategic report

a. Key performance indicators

The academy trust established a financial budget at the start of the year and the board has monitored performance against that budget during the period. The trustees consider that the following are key performance indicators for the academy trust moving forward:

- Pupil numbers
- Staff numbers
- Staff costs (including on-costs) as a percentage of total income
- Total expenditure per pupil
- Average salary

The board has a high expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future.

Achievements and performance (continued)

Strategic report (continued)

b. Review of activities

GCSE Outcomes in 2020

GCSE examinations were cancelled in Summer 2020 due to Covid-19. Grades were awarded on the basis of teacher judgements. Our results in 2020 were broadly in line with results from Summer 2019.

Pupil Premium Spending and Impact

Approximate Number of pupils eligible for Pupil Premium funding: 187

Amount allocated per pupil: £955.00

Total allocation for 2020/2021 academic year: £178,585

How are we spending the Pupil Premium?

We draw on research evidence (such as the Sutton Trust toolkit) and evidence from our own experience to allocate funding to activities that are most likely to maximize achievement. We evaluated spending in 2019/2020 and have decided to continue and increase the interventions that had the biggest impact on pupil progress. We never confuse eligibility for the Pupil Premium with low attainment, and focus on supporting our disadvantaged pupils achieve the highest levels of progress. We intensify support in year 7 so that pupils begin year 8 at a level in line with, or exceeding, national expectations, enabling them to access the curriculum.

Purchase	Total cost	Impact Measure (based on Teacher Assessment)
Online English Resource- Century Tech	£3,500	% PP 4+ English
Online Maths Resource- Hegarty Maths	£1,200	% PP 4+ maths
Online French Resource- This is Language	£800	% PP EBacc entrance
Accelerated Reader Programme	£3,800	% PP 4+ English
Revision Guides - various	£2,000	% PP 4+ overall
Phonics Training- Ruth Miskin	£3,300	% PP 4+ English
Phonics Resources- Fresh Start OUP	£3,500	% PP 4+ English
Class Reader Programme	£1,000	% PP 4+ English
Reading Club books	£1,000	% PP 4+ English
Books for able readers	£2,300	% PP 7+ English
Instrumental Music Lessons Subsidies	£3,000	% Music Participation
Support Staff and Additional Teaching Staff	£153,185	% PP 4+ overall
Total Spend	£178,585	

Achievements and performance (continued)

Strategic report (continued)

Strong monitoring and intervention for underachieving pupils

Using internal assessment data and weekly quiz data, we gain frequent, accurate insights into every pupil's progress and attainment. This enables teachers to differentiate appropriately and support those struggling to catch up with their peers, ensuring that no child is left behind.

To support these pupils, the school leadership team and governors ensure that:

- All teachers know which pupils are struggling, and how to support them;
- Additional intervention classes support greater progress;
- Homework club supports pupils to complete all work with adult supervision;
- Teachers use probing questions to support pupils of all needs;
- Teachers use weekly quiz data to drive teaching and learning;
- Form tutors and Heads of Years check in on progress and provide appropriate pastoral support.

Tracking underachieving pupils

Senior leaders and all teachers are aware of the pupils who are falling behind. Weekly quiz scores are recorded on simple spreadsheets for high visibility and clarity. Tutors and Heads of Year then target individuals, supporting them to complete homework, revise more effectively and improve attainment.

The trustees are really pleased with the progress that the school is making and look forward to future developments with the Sixth Form and progress on to university.

c. Fundraising activities/Income generation

Michaela raises most of its voluntary income from individuals and companies. We do not employ third party professional fundraisers or commercial organisations to fundraise on our behalf. The day to day management of all income generation is delegated to the Executive team, who are accountable to the trustees. We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times; as we do not approach individuals for funds we have not specified this to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.

Financial review

a. Going concern

After making appropriate enquiries, the board of Trustees 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.

Achievements and performance (continued)

Financial review (continued)

b. Reserves policy

The policy of the trustees is to establish and maintain a level of reserves that will be adequate to provide a stable basis for the continuing operation of the trust whilst ensuring that excessive funds are not accumulated.

At the end of the financial year the school had unrestricted reserves of £79,434 and restricted general reserves of £1,183,469. The trustees wish to maintain a high level of reserves to ensure a sufficient cushion to meet potential shortfalls in income and to build reserves to enhance the school building and set up a high quality sixth form.

c. Principal risks and uncertainties

The Board has considered the risks faced by the trust throughout its normal operational business. It has sought to address the risks faced by the trust by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The Board considers that these arrangements have been effective throughout the period being reported.

At the time of reporting, the trust's identified key risks are:

- the risk of GCSE exam results because of Covid and absence. We are trying to mitigate with excellent teaching.
- detractors from the outside harassing staff on social media
- teachers being harmed by pupils from other schools while out in the street
- not being able to fill the Sixth Form, in particular with the damage done by Covid
- Stevenage opening being postponed by Covid
- A level concerns and meeting university offers when so much time has been lost because of Covid

Mitigating actions, both current and planned, have been identified to address these risks. This is also true of all other risks that have been formally identified which have a lower level of impact and/or likelihood.

d. Risk management

The trustees have assessed the major risks to which the school is exposed. The trustees have implemented a number of systems to assess risks that the school faces. They have introduced operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate Insurance cover.

Plans for future periods

The main focus for the school continues to be recruiting the best possible staff for the future.

Our strict stance and expectation of parents, pupils and families will remain the same.

The trustees have begun the process of opening a second Michaela school in Stevenage. The application for a 2023 opening was successful and talks for the new building are underway.

MICHAELA COMMUNITY SCHOOL
(A company limited by guarantee)
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Disclosure of information to auditor

Insofar as the trustees are aware:

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 15 Dec 20 and signed on its behalf by:



C Amadi
Chair of Trustees

MICHAELA COMMUNITY SCHOOL

(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

The board of trustees 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 Michaela Community School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The board of trustees has formally met 3 times during the year.

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

Trustee	Meetings attended	Out of a possible
C Amadi, Chair	3	3
S Brittan	2	3
P Decarlucci	3	3
M Drabu	3	3
K Ashford	3	3
I Fernandez (resigned 3 March 2020)	1	2
Rev D Ackerman (resigned 11 September 2019)	0	0
K Birbalsingh	3	3
M Chanda	0	3
M Godfrey	3	3
C Robinson	3	3
R Williams	3	3
L Nyoni (appointed 1 November 2019)	3	3
D Hall (appointed 1 November 2019)	3	3
J Davidson (observer, formally appointed 22 September 2020)	2	2
S Ting (observer, formally appointed 22 September 2020)	1	1

The trust continues to monitor the skills needed to undertake its activities.

Finance Governors (M Drabu and C Amadi) have been appointed to ensure sound management of the school's finances and to form the Audit Committee which meets annually to receive the Audit Report from the appointed auditors.

Safeguarding nominated governor: P Decarlucci.

MICHAELA COMMUNITY SCHOOL
(A company limited by guarantee)
GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As Accounting Officer, the Principal has responsibility for ensuring that the academy 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's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy has delivered improved value for money during the year by:

- Detailed tracking of pupils to ensure that Pupil Premium funding has maximum impact
- Robust performance management of staff

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 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 Michaela Community School for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

MICHAELA COMMUNITY SCHOOL
(A company limited by guarantee)
GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Blick Rothenberg Audit LLP, the external auditor, to perform additional checks.

The reviewer'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 review of payroll (including pensions contributions).

Reviews

On a termly basis, the auditor reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

One review took place during the year due to the pandemic. Additional reviews of controls were undertaken at the time of the final audit visit. The recommendations made are being implemented.

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 external auditor;
- the work of the executive managers within the academy 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 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 trustees on 15 Dec 2020 and signed on their behalf by:



C Amadi
Chair of Trustees



K Birbalsingh
Accounting Officer

MICHAELA COMMUNITY SCHOOL
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Michaela Community School I have considered my responsibility to notify the Academy board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, 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 2019.

I confirm that I and the Academy board of trustees 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 2019.

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



K. Birbalsingh
Accounting Officer
Date: 15 Dec 2020

MICHAELA COMMUNITY SCHOOL

(A company limited by guarantee)

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

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

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

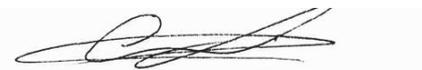
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on **15 Dec 2020** and signed on its behalf by:



C Amadi
(Chair of Trustees)

MICHAELA COMMUNITY SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
MICHAELA COMMUNITY SCHOOL

FOR THE YEAR ENDED 31 AUGUST 2020

Opinion

We have audited the financial statements of Michaela Community School (the 'academy') for the year ended 31 August 2020 which comprise the Statement of financial activities, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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

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

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

MICHAELA COMMUNITY SCHOOL
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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
MICHAELA COMMUNITY SCHOOL (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Strategic Report and the directors' report for the purposes of companies law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

MICHAELA COMMUNITY SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
MICHAELA COMMUNITY SCHOOL (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Mark Hart FCA CTA (senior statutory auditor)

for and on behalf of

Blick Rothenberg Audit LLP

Chartered Accountants

Statutory Auditor

16 Great Queen Street

Covent Garden

London

WC2B 5AH

17 December 2020

MICHAELA COMMUNITY SCHOOL
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO MICHAELA COMMUNITY SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 18 December 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Michaela Community School during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Michaela Community School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Michaela Community School and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Michaela Community School and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Michaela Community School's funding agreement with the Secretary of State for Education dated 1 September 2019 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

MICHAELA COMMUNITY SCHOOL
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO MICHAELA COMMUNITY SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mark Hart

Blick Rothenberg Audit LLP
16 Great Queen Street
Covent Garden
London
WC2B 5AH

Date: 17 December 2020

MICHAELA COMMUNITY SCHOOL
(A company limited by guarantee)

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

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:						
Donations and capital grants	2	39,230	49,458	-	88,688	30,165
Charitable activities	3	-	4,913,890	-	4,913,890	4,508,666
Other trading activities	4	31,818	9,572	-	41,390	35,641
Investments	5	5,454	-	-	5,454	4,092
Other income	6	1,134	-	-	1,134	-
Total income		77,636	4,972,920	-	5,050,556	4,578,564
Expenditure on:						
Raising funds		87,742	-	-	87,742	198,270
Charitable activities		-	4,583,617	264,309	4,847,926	4,285,461
Total expenditure		87,742	4,583,617	264,309	4,935,668	4,483,731
Net (expenditure)/income		(10,106)	389,303	(264,309)	114,888	94,833
Transfers between funds	16	-	(186,382)	186,382	-	-
Net movement in funds before other recognised gains/(losses)		(10,106)	202,921	(77,927)	114,888	94,833
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	21	(17,000)	-	-	(17,000)	(122,000)
Net movement in funds		(27,106)	202,921	(77,927)	97,888	(27,167)
Reconciliation of funds:						
Total funds brought forward		89,540	997,548	14,466,994	15,554,082	15,581,249
Net movement in funds		(27,106)	202,921	(77,927)	97,888	(27,167)
Total funds carried forward		62,434	1,200,469	14,389,067	15,651,970	15,554,082

MICHAELA COMMUNITY SCHOOL
(A company limited by guarantee)

BALANCE SHEET
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	14,389,067	14,466,994
		<u>14,389,067</u>	<u>14,466,994</u>
Current assets			
Debtors	14	434,366	206,396
Cash at bank and in hand		1,743,412	1,354,972
		<u>2,177,778</u>	<u>1,561,368</u>
Creditors: amounts falling due within one year	15	(531,875)	(231,280)
Net current assets		1,645,903	1,330,088
Total assets less current liabilities		16,034,970	15,797,082
Defined benefit pension scheme liability	21	(383,000)	(243,000)
Total net assets		15,651,970	15,554,082
Funds of the Academy			
Restricted income funds:			
Restricted fixed asset funds	16	14,389,067	14,466,994
Restricted income funds	16	1,566,469	1,240,548
		<u>15,955,536</u>	<u>15,707,542</u>
Restricted funds excluding pension asset	16	15,955,536	15,707,542
Pension reserve	16	(383,000)	(243,000)
Total restricted funds	16	15,572,536	15,464,542
Unrestricted income funds	16	79,434	89,540
Total funds		15,651,970	15,554,082

The financial statements on pages 20 to 42 were approved by the trustees, and authorised for issue on and are signed on their behalf, by:



C Amadi
Chair of Trustees
Date: 15 Dec 2020

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Michaela Community School meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in Sterling (£).

1.2 Going concern

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 Education and Skills Funding Agency.

1. Accounting policies (continued)

1.4 Income

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

• **Grants**

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

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

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

• **Donations**

Donations are recognised on a receivable basis where the receipt is probable and the amount can be reliably measured.

• **Other income**

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

1.5 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.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

1. Accounting policies (continued)

1.6 Tangible fixed assets

Assets costing £2,000 or more are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold property	-	2% straight line
Property improvements	-	7% straight line
Furniture and equipment	-	20% straight line
Computer equipment	-	33% straight line

1.7 Operating leases

Rentals under operating leases are charged to the statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably.

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.

1.11 Liabilities

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

1. 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.

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 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 Chapter 3 Part 11 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.

1. Accounting policies (continued)

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.15 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.

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

MICHAELA COMMUNITY SCHOOL
(A company limited by guarantee)

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

2. Income from donations and capital grants

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Donations	39,230	-	39,230
Government grants	-	39,615	39,615
Similar incoming resources	-	9,843	9,843
Total 2020	<u>39,230</u>	<u>49,458</u>	<u>88,688</u>

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Donations	16,204	-	16,204
Similar incoming resources	-	13,961	13,961
Total 2019	<u>16,204</u>	<u>13,961</u>	<u>30,165</u>

3. Funding for the Academy's educational operations

	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
General fund	4,658,795	4,658,795	4,229,380
Capital grant	14,074	14,074	35,249
Catering income	157,336	157,336	187,109
Local government grant	83,685	83,685	56,928
Total 2020	<u>4,913,890</u>	<u>4,913,890</u>	<u>4,508,666</u>

MICHAELA COMMUNITY SCHOOL**(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020****4. Other trading activities**

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Other miscellaneous income	23,850	-	23,850
Uniform and stationery sales income	7,968	-	7,968
Music income	-	9,572	9,572
	<u>31,818</u>	<u>9,572</u>	<u>41,390</u>

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Other miscellaneous income	15,326	-	15,326
Uniform and stationery sales income	9,098	-	9,098
Music income	-	11,217	11,217
	<u>24,424</u>	<u>11,217</u>	<u>35,641</u>

5. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Bank interest	5,454	5,454	4,092
	<u>5,454</u>	<u>5,454</u>	<u>4,092</u>

6. Other incoming resources

	Unrestricted funds 2020 £	Total funds 2020 £
Insurance claims	1,134	1,134
	<u>1,134</u>	<u>1,134</u>

MICHAELA COMMUNITY SCHOOL
(A company limited by guarantee)

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

7. Expenditure

	Staff Costs 2020 £	Other 2020 £	Total 2020 £
Expenditure on fundraising trading activities:			
Direct costs	-	87,742	87,742
Educational operations:			
Direct costs	3,175,018	563,677	3,738,695
Allocated support costs	569,994	539,237	1,109,231
	<u>3,745,012</u>	<u>1,190,656</u>	<u>4,935,668</u>

	Staff Costs 2019 £	Other 2019 £	Total 2019 £
Expenditure on fundraising trading activities:			
Direct costs	-	198,270	198,270
Educational operations:			
Direct costs	2,553,513	640,739	3,194,252
Allocated support costs	403,264	687,945	1,091,209
	<u>2,956,777</u>	<u>1,526,954</u>	<u>4,483,731</u>

8. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £
Educational operations	<u>3,738,695</u>	<u>1,109,231</u>	<u>4,847,926</u>

MICHAELA COMMUNITY SCHOOL
(A company limited by guarantee)

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

8. Analysis of expenditure by activities (continued)

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Educational operations	3,194,252	1,091,209	4,285,461

Analysis of direct costs

	Total funds 2020 £	Total funds 2019 £
Staff costs	3,175,018	2,511,513
Depreciation	264,309	303,997
Educational supplies	141,759	202,988
Examination fees	20,390	38,762
Staff development	6,193	6,312
Other direct costs	72,831	67,981
Technology costs	31,650	26,639
Recruitment and support	26,545	36,060
	3,738,695	3,194,252

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2020 £	Total funds 2019 £
Staff costs	569,994	445,264
Maintenance of premises and equipment	53,567	68,747
Cleaning	82,138	78,328
Property costs	84,723	83,625
Energy costs	61,048	62,862
Insurance	18,611	25,470
Bank interest and charges	2,172	2,098
Other support costs	68,821	66,742
Legal and professional fees	88,215	102,791
Governance costs	79,942	155,282
	<u>1,109,231</u>	<u>1,091,209</u>

9. Net (expenditure)/income

Net (expenditure)/income for the year includes:

	2020 £	2019 £
Depreciation of tangible fixed assets; - owned by the charity	<u>264,309</u>	<u>303,997</u>

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	2,750,457	2,318,721
Social security costs	289,476	242,313
Pension costs	705,079	395,743
	<u>3,745,012</u>	<u>2,956,777</u>

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

10. Staff costs (continued)

a. Staff costs (continued)

b. Staff numbers

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

	2020	2019
	No.	No.
Teaching	54	47
Teaching support	22	17
	<u>76</u>	<u>64</u>

c. Higher paid staff

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

	2020	2019
	No.	No.
In the band £60,001 - £70,000	-	1
In the band £70,001 - £80,000	3	2
In the band £100,001 - £110,000	1	1
	<u>1</u>	<u>1</u>

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The average number of those persons during the year regarded as key management personnel was 4 (2019: 4). The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £463,775 (2019: £401,890).

11. Trustees' remuneration and expenses

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

		2020	2019
		£	£
K Ashford	Remuneration	70,000 - 75,000	70,000 - 75,000
	Pension contributions paid	15,000 - 20,000	10,000 - 15,000
K Birbalsingh	Remuneration	115,000 - 120,000	100,000 - 105,000
	Pension contributions paid	25,000 - 30,000	15,000 - 20,000

11. Trustees' remuneration and expenses (continued)

During the year, no trustees received any benefits in kind (2019 - £NIL).
 During the year, no trustees received any reimbursement of expenses (2019 - £NIL).

12. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect trustees 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 trustees' and officers' indemnity element from the overall cost of the RPA scheme.

13. Tangible fixed assets

	Freehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost				
At 1 September 2019	15,472,764	583,654	604,102	16,660,520
Additions	180,503	5,879	-	186,382
At 31 August 2020	<u>15,653,267</u>	<u>589,533</u>	<u>604,102</u>	<u>16,846,902</u>
Depreciation				
At 1 September 2019	1,088,054	511,397	594,075	2,193,526
Charge for the year	185,863	73,433	5,013	264,309
At 31 August 2020	<u>1,273,917</u>	<u>584,830</u>	<u>599,088</u>	<u>2,457,835</u>
Net book value				
At 31 August 2020	<u><u>14,379,350</u></u>	<u><u>4,703</u></u>	<u><u>5,014</u></u>	<u><u>14,389,067</u></u>
At 31 August 2019	<u><u>14,384,710</u></u>	<u><u>72,257</u></u>	<u><u>10,027</u></u>	<u><u>14,466,994</u></u>

Included in land and buildings is freehold land at valuation of £6,360,130 (2019: £6,360,130) which is not depreciated.

MICHAELA COMMUNITY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

14. Debtors

	2020	2019
	£	£
Due within one year		
Other debtors	348,716	125,926
Prepayments and accrued income	85,650	80,470
	434,366	206,396

15. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	281,118	86,707
Other taxation and social security	77,579	69,104
Other creditors	111,158	3,284
Accruals and deferred income	62,020	72,185
	531,875	231,280

	2020	2019
	£	£
Deferred income at 1 September 2019	60,185	51,892
Resources deferred during the year	50,020	60,185
Amounts released from previous periods	(60,185)	(51,892)
Deferred income at 31 August 2020	50,020	60,185

Deferred income at the reporting date represents government grant funding received during the year for spending in the academic year commencing 1 September 2020.

MICHAELA COMMUNITY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

16. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
General Funds - all funds	89,540	77,636	(87,742)	-	-	79,434
Restricted general funds						
Restricted Funds - all funds	1,240,548	4,915,920	(4,403,617)	(186,382)	-	1,566,469
Pension reserve	(243,000)	57,000	(180,000)	-	(17,000)	(383,000)
	<u>997,548</u>	<u>4,972,920</u>	<u>(4,583,617)</u>	<u>(186,382)</u>	<u>(17,000)</u>	<u>1,183,469</u>
Restricted fixed asset funds						
Class II Restricted Funds - all funds	14,466,994	-	(264,309)	186,382	-	14,389,067
Total Restricted funds	<u>15,464,542</u>	<u>4,972,920</u>	<u>(4,847,926)</u>	<u>-</u>	<u>(17,000)</u>	<u>15,572,536</u>
Total funds	<u><u>15,554,082</u></u>	<u><u>5,050,556</u></u>	<u><u>(4,935,668)</u></u>	<u><u>-</u></u>	<u><u>(17,000)</u></u>	<u><u>15,651,970</u></u>

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

Restricted funds represent revenue grants received from the ESFA for the running of the academy during the year. The balance represents the surplus GAG carried forward.

The Capital Grant represents funds provided by the ESFA for the purchase and fit out of the academy building.

MICHAELA COMMUNITY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

16. Statement of funds (continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds - all funds	44,820	44,720	-	-	-	89,540
Restricted general funds						
Restricted Funds - all funds	981,373	4,438,595	(4,077,734)	(101,686)	-	1,240,548
Pension reserve	(79,000)	60,000	(102,000)	-	(122,000)	(243,000)
	<u>902,373</u>	<u>4,498,595</u>	<u>(4,179,734)</u>	<u>(101,686)</u>	<u>(122,000)</u>	<u>997,548</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	14,634,056	35,249	(303,997)	101,686	-	14,466,994
Total Restricted funds	<u>15,536,429</u>	<u>4,533,844</u>	<u>(4,483,731)</u>	<u>-</u>	<u>(122,000)</u>	<u>15,464,542</u>
Total funds	<u><u>15,581,249</u></u>	<u><u>4,578,564</u></u>	<u><u>(4,483,731)</u></u>	<u><u>-</u></u>	<u><u>(122,000)</u></u>	<u><u>15,554,082</u></u>

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17. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	14,389,067	14,389,067
Current assets	79,434	2,098,344	-	2,177,778
Creditors due within one year	-	(531,875)	-	(531,875)
Provisions for liabilities and charges	-	(383,000)	-	(383,000)
Total	<u>79,434</u>	<u>1,183,469</u>	<u>14,389,067</u>	<u>15,651,970</u>

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	14,466,994	14,466,994
Current assets	89,540	1,471,828	-	1,561,368
Creditors due within one year	-	(231,280)	-	(231,280)
Provisions for liabilities and charges	-	(243,000)	-	(243,000)
Total	<u>89,540</u>	<u>997,548</u>	<u>14,466,994</u>	<u>15,554,082</u>

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

	2020 £	2019 £
Net income for the period (as per statement of financial activities)	<u>114,888</u>	<u>94,833</u>
Adjustments for:		
Depreciation	264,309	303,997
Increase in debtors	(227,970)	(97,269)
Increase/(decrease) in creditors	300,595	(7,722)
Defined benefit pension scheme finance cost	123,000	42,000
Net cash provided by operating activities	<u>574,822</u>	<u>335,839</u>

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19. Cash flows from investing activities

	2020	2019
	£	£
Purchase of tangible fixed assets	(186,382)	(136,935)
Net cash used in investing activities	(186,382)	(136,935)

20. Analysis of cash and cash equivalents

	2020	2019
	£	£
Cash in hand	1,743,412	1,354,972
Total cash and cash equivalents	1,743,412	1,354,972

21. Pension commitments

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

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

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

Teachers' Pension Scheme

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

21. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £523,083 (2019 - £307,104).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Academy 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 2020 was £78,000 (2019 - £53,000), of which employer's contributions totalled £57,000 (2019 - £39,000) and employees' contributions totalled £ 21,000 (2019 - £14,000). The agreed contribution rates for future years are 28.4% - 30.0% 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

	2020	2019
	%	%
Discount rate for scheme liabilities	1.70	1.90
Expected return on scheme assets at 31 August	1.70	1.90
Rate of increase in salaries	2.50	2.60
Rate of increase for pensions in payment / inflation	2.20	2.30

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21. Pension commitments (continued)

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

	2020	2019
	Years	Years
<i>Retiring today</i>		
Males	22.1	21.4
Females	24.3	23.6
<i>Retiring in 20 years</i>		
Males	23.0	22.3
Females	25.5	24.9

Sensitivity analysis

	2020	2019
	£000	£000
Real discount rate - 0.5% decrease	171,000	109,000
Pension discount rate - 0.5% increase	169,000	108,000

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

	At 31	At 31 August
	August 2020	2019
	£	£
Equities	302,640	222,300
Debt instruments	50,440	39,900
Property	15,520	11,400
Cash and other liquid assets	19,400	11,400
Total market value of assets	388,000	285,000

The actual return on scheme assets was £22,000 (2019 - £7000).

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

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21. Pension commitments (continued)

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

	2020 £	2019 £
Opening defined benefit obligation	528,000	297,000
Current service cost	174,000	76,000
Past service cost	-	2,000
Interest cost	12,000	10,000
Employee contributions	21,000	14,000
Actuarial losses	39,000	129,000
Benefits paid	(3,000)	-
Closing defined benefit obligation	771,000	528,000

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

	2020 £	2019 £
Opening fair value of scheme assets	285,000	218,000
Interest income	6,000	7,000
Actuarial gains	22,000	7,000
Employer contributions	57,000	39,000
Employee contributions	21,000	14,000
Benefits paid	(3,000)	-
At 31 August	388,000	285,000

22. Operating lease commitments

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

	2020 £	2019 £
Within 1 year	8,976	8,976
Between 1 and 5 years	-	8,976
	8,976	17,952

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23. Members' liability

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

24. Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account other than those related to trustees' remuneration noted in Note 11.

25. Controlling party

The board of trustees is the controlling party.