

# Financial Statements

## Caroline Chisholm School

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**For the year ended 31 August 2016**

**Registered number: 07638756**

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# Reference and Administrative Details of the Academy, its Trustees and Advisers

For the year ended 31 August 2016

## **Members**

Mr D Atkinson (resigned 31 December 2015)  
Mr P Quelch  
Mrs L Browett  
Mrs L Samways (appointed 1 January 2016)

## **Trustees**

Mr D Atkinson, Chair of Trustees (resigned 31 December 2015)  
Mr P Ashton, Staff Trustee (resigned 26 November 2015)  
Mrs J Blaize, Staff Trustee  
Mrs L Browett, Chair of Trustees (appointed 1 January 2016)  
Mr S Clifford, Trustee (resigned 20 April 2016)  
Mrs A Crawte, Staff Trustee (resigned 26 November 2015)  
Mrs J Croasdale, Trustee  
Ms S Duffy, Trustee  
Mrs R Fitzgerald, Trustee (resigned 31 August 2016)  
Mr J Goredema, Trustee (resigned 20 June 2016)  
Mr S Gregson, Staff Trustee (appointed 25 November 2015)  
Mrs S Homer, Trustee (appointed 25 November 2015, resigned 31 August 2016)  
Mr G Irons, Trustee  
Mr D James, Principal (appointed 1 September 2015)  
Mrs T Macrae, Trustee  
Mr A Phillips, Staff Trustee  
Mr P Quelch, Trustee  
Dr C Rees, Trustee  
Mrs S Robson, Trustee  
Mrs L Samways, Trustee  
Mrs M Simmonds, Staff Trustee (appointed 25 November 2015)  
Mr S Stringer, Trustee (appointed 25 November 2015)  
Mrs L Tyson, Trustee  
Mrs C Young, Trustee (appointed 25 November 2015, resigned 31 August 2016)

## **Company registered number**

07638756

## **Company name**

Caroline Chisholm School

## **Principal and registered office**

Wooldale Road  
Wootton Fields  
Northampton  
NN4 6TP

# Reference and Administrative Details of the Academy, its Trustees and Advisers

For the year ended 31 August 2016

## **Advisers (continued)**

### **Company secretary**

Mrs S Sweetland (appointed 1 September 2015)

### **Senior management team**

Mr K Patterson, Vice Principal  
Miss S Rose, Vice Principal  
Mr A Colman, Assistant Principal  
Mrs K Towers, Assistant Principal  
Mr P Ashton, Assistant Principal  
Mr M Lopez, Assistant Principal  
Miss J Wright, Assistant Principal  
Mrs J Casswell, Assistant Principal  
Mr A Phillips, Assistant Principal  
Mrs A Crawte, Assistant Principal  
Ms T Fleming, Assistant Principal  
Mr D James (appointed 1 September 2015), Principal  
Mr G Wakefield, Vice Principal  
Mrs S Sweetland, Director of Finance

### **Independent auditor**

Grant Thornton UK LLP  
Chartered Accountants  
Grant Thornton House  
202 Silbury Boulevard  
Milton Keynes  
MK9 1LW

# Trustees' Report

For the year ended 31 August 2016

The trustees present their annual report together with the financial statements and auditors' reports of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report and a directors' report, under company law. The trust operates an academy for pupils aged 4 to 19 serving a catchment area in Wootton, Wootton Fields, Grange Park, Quinton and Courteenhall. It has a pupil capacity of 2,002 and had a roll of 1,968 in the school census on 6 October 2016.

## **Structure, governance and management**

### **a. Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Caroline Chisholm School are also the directors of the charitable company for the purposes of company law. Details of the trustees who served throughout the year except as noted 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. Trustees' Indemnities**

Trustees benefit from indemnity insurance to cover the liability of the trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the academy trust. The cost of this insurance in the year was £240.

### **d. Method of recruitment and appointment or election of Trustees**

The board of trustees is responsible for appointing community trustees and seeking sponsor trustees and for ensuring that parent trustees and staff trustees are elected by a secret ballot. Trustees are subject to retirement by rotation but are eligible for re-election at the meeting at which they retire. The board of trustees elect the chair and vice chair to serve for a period of three years but they are eligible for re-election at the meeting at which they retire. Trustees committees elect their own chairs.

### **e. Policies and procedures adopted for the induction and training of Trustees**

All new trustees are invited to attend a 2 hour induction meeting with the chair and/or vice chair of the board of trustees. All new trustees are allocated a "buddy" who takes them on a tour of the school and accompanies them to the first full board of trustees meeting. All trustees receive an introductory information pack which includes a copy of the governors' guide to the law CD, the committee structure and committee terms of reference, the dates of meetings for the academic year, the school development plan and trustees' annual objectives and relevant minutes and accounts. Correspondence and minute/agenda circulation is via e-mail and all policies and minutes are posted on the school website. Hard copies of all documents are kept in the trustees' resource cupboard in the school. Trustees are strongly encouraged to attend 3 training events during each academic year.

## Trustees' Report (continued)

For the year ended 31 August 2016

### **f. Organisational structure**

The structure consists of the trustees, the leadership team and curriculum leaders. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy trust by the use of budgets and making major decisions about the direction of the academy trust, capital expenditure and senior staff appointments.

The senior management team officers are the principal and the three vice principals. These officers control the academy trust at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group the senior officers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment panels for posts in the leadership team always contain a trustee. Some spending control is devolved to curriculum leaders, with limits above which a senior officer must countersign.

The leadership team includes the senior officers and 9 assistant principals and the director of finance. The leadership team are responsible for the day to day operation of the academy trust, in particular organising the teaching staff, curriculum timetables and students.

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

The key management personnel are the Leadership Team, as detailed in the Reference and Administrative Details. They have authority and responsibility for planning, directing and controlling the activities of a reporting entity, and have responsibility in the day-to-day running of the academy trust. The arrangements for setting their pay and remuneration is based on 3 or 4 criteria, and reviewed by line managers.

### **h. Connected organisations, including related party relationships**

Caroline Chisholm School continues to work closely with cluster primary schools to support the provision of education to the community of Wootton, Wootton Fields and Grange Park. As part of the Wooldale Centre for Learning the academy trust works in partnership with both PFI and other users on the site to promote and deliver community activities to adults and children. Caroline Chisholm School is one of 11 schools in the South West Area of Northamptonshire (SWAN); SWAN schools share good practice via effective networking.

### **i. Risk management**

The Trustees have assessed the major risks to which the academy is exposed, in particular those related to the operations and finances of the academy, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

## **Objectives and Activities**

### **a. Objects and aims**

The principal object and activity of the charitable company is the operation of Caroline Chisholm School to provide education for the benefit of the inhabitants of Wootton, Wootton Fields, Grange Park and the surrounding area; by establishing, maintaining and developing a school offering a broad and balanced curriculum. Caroline Chisholm School provides education for pupils of different abilities between the ages of 4 and 19 with an emphasis on business & enterprise.

## Trustees' Report (continued)

For the year ended 31 August 2016

### **b. Objectives, strategies and activities**

The school has set its sights much higher than a simple Ofsted grade and intends to develop 'national best practice' across all areas.

The clear and focussed ambition of the leadership team is for Caroline Chisholm School to become the highest performing school in the Northamptonshire area over the next 5 years.

This would mean that our students:

- Make exceptional progress in their learning whilst at the school. To ensure this, progress will be consistently high across all phases and key stages.
- Are ambitious, confident and resilient and a much larger number of students would move from CCS into top performing universities, top level apprenticeships and eventually into successful careers and vocations.
- Are prepared for adult life with the social and emotional health and resilience needed to succeed in the modern world.

The key objectives of Caroline Chisholm School during the period 1 September 2015 to 31 August 2016 are summarised below:

To continue to improve the levels of performance of its pupils at all levels and continue efforts to ensure students are secure in their next steps on leaving the academy trust with regard to employment or continuing in training or formal education. Additional resources in the form of Pupil Premium funding will continue to be targeted towards closing the gap for disadvantaged students and vulnerable groups.

Caroline Chisholm School strives to be at the forefront of innovation in education and trustees and senior leaders will continue to evaluate and review the curriculum to ensure that it reflects and meets the changing needs of our pupils.

#### Whole School Priorities

- Assuring and developing the quality of teaching, learning and assessment
- Improving outcomes for students
- Building leadership and leadership capacity
- Maintaining a positive learning culture

In addition, the school is also working to

- Provide a relevant and challenging curriculum
- Build relationships with students, parents and the local community
- Significantly reduce costs to ensure the long term financial sustainability of the school

### **c. Public benefit**

The trustees of the academy trust have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties. The activities undertaken to further the academy trust's purpose for the Public Benefit includes provision of education to the local community of Wootton, Wootton Fields and Grange Park in Northampton and in partnership with the PFI provider offers recreational facilities to a variety of local community groups outside of school hours for the benefit of the general public. Community based projects are also undertaken throughout the year by staff and students.

## Trustees' Report (continued)

For the year ended 31 August 2016

### Strategic report

#### Achievements and performance

##### Primary Phase

- 78% of children in the Foundation Stage achieved a Good Level of Development. Expected or Exceeding grades in all Prime and all Literacy and Mathematics is deemed Good Level of Development
- 88% of children passed the Year 1 Phonics Screening test
- 80% of children at the end of Key Stage 1 achieved the expected standards in reading, writing and mathematics
- 76% of children at the end of Key Stage 2 achieved the expected standard in reading, writing and maths

##### GCSE

- A\* - C in English and Mathematics 79%
- Progress 8\* 0.06
- Attainment 8 5.57 (B-)
- Achieving EBACC 29

##### A Level

- Average point score per A level entry 33.01
- Average point score per A level entry expressed as a grade C+
- Value Added for A Level subjects -0.04

##### Key ALPS A Level (Y13) scores

- 1 Year T Score: 4 – Better than average overall performance compared with the benchmark
- Quality Indicator Score: 4 – Indicator above 60th percentile indicating better than national average student performance

##### The Academy Trustees and the Leadership Team:

- Monitors the quality of teaching and learning via the performance management process
- Undertakes a rigorous review of attainment using RAISEONLINE, Fischer Family Trust Data and A Level Performance System (ALPS) to measure pupil progress.

##### a. Key financial performance indicators

The academy trust uses key financial performance indicators to monitor financial success of the academy trust and progress/improvement against the targets set. These include:

- Staffing costs are monitored as a percentage of total income. For the year ended 31 August 2016 staffing costs amounted to 82% of total income (target 80%) (81% against target 80% for period ending 31 August 15).
- PFI costs are monitored as a percentage of total income. For the period ended 31 August 2016 PFI costs amounted to 10% of total income (target 11%) (10% against target 11% for period ending 31 August 2015).

The academy trust also uses a number of non financial key performance indicators to monitor its performance. These include:

## Trustees' Report (continued)

For the year ended 31 August 2016

- Student attendance rates – for the academic year ended 31 August 2016 student attendance was 96.1% (96.2% for the period ending 31 August 2015).
- Staff turnover – for the academic year ended 31 August 2016 teaching staff turnover was 17% (16%) and support staff 18% (15%).

### **b. Going concern**

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

### **Financial review**

Most of the academy trust's income is obtained from the DfE in the form of recurrent grants disbursed via the Education Funding Agency (EFA), the use of which is restricted to particular purposes. The grants received from the DfE during the period ending 31 August 2016 and the associated expenditure is shown as restricted funds in the statement of financial activities.

Expenditure to support the key objectives of the academy trust is specifically allocated as part of the annual financial planning process.

The academy has a low exposure to risks.

There are limited trade debtors and controls are in place.

At 31 August 2016 the total funds comprised:

	2016	2015
Unrestricted funds	47,357	28,051
Restricted fixed asset funds	31,925,527	32,584,322
Restricted general funds	1,252,879	1,185,216
Pension reserve	(2,787,000)	(1,377,000)
Total	30,438,763	32,420,589

### **c. Reserves policy**

The trustees review the reserve levels of Caroline Chisholm School annually. The review considers the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves.

Unrestricted funds are for use on the general purposes of the academy trust, at the discretion of the trustees.

Restricted funds will be spent in accordance with the terms of the particular funds. Demands on the academy trust's restricted income funds will vary over the coming years. The academy trust's policy is that the appropriate level of restricted reserves should be at least £500,000. The reason for this is to provide sufficient working capital to cover delays between spending and grant receipts and to provide a cushion to deal with unexpected operational expenses.

The deficit on the pension reserve relates to the non teaching staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 22. The deficit can be met in the

## Trustees' Report (continued)

For the year ended 31 August 2016

longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits.

### **d. Investments policy**

The academy trust's investment policy is to invest surplus cash balances with high street banks. Investment returns are market tested periodically to ensure that the returns are maximised whilst safeguarding the funds invested.

### **e. Principal risks and uncertainties**

The academy trust development planning process takes account of social and economic factors that may impact on the academy trust's ability to achieve its objectives. The planning process results in the production of The School Development Plan which is costed and informs current and future years financial planning.

### **Financial Risk**

- **DfE and EFA legislation**

The Academy will keep abreast of any changes brought about by legislation and plan to incorporate them within the financial plan.

- **Potential funding cuts in future years**

Financial planning incorporates flexibilities and scenario planning to reflect varying funding outcomes which may, amongst others, be determined by:

- Changes to the funding rate for the Education Services Grant;
- Special Educational Needs (SEN) funding changes; and
- National funding formula.

The Academy will continue to set a balanced budget based on EFA funding, generated income and agreed efficiencies.

- **Potential claw backs of GAG or other grants**

The Academy is aware of the current criteria for potential claw back (GAG carry forward of > 12%) which is detailed in clause 78 of our Funding Agreement. Our 5 year financial plan indicates that we will not exceed the 12% GAG carry forward limit.

- **Changing demographics in catchment area**

The Academy will review its Admissions Policy annually as required by the Code and review the Published Admission Number (PAN) if there is demographic change.

- **LGPS deficit**

Financial plans consider fluctuations in the employer contributions that maybe required addressing the deficit long term. Actual changes to employer contributions may be made in response to the outcome of an actuarial valuation of the scheme.

### **PFI Risk**

- The Academy is represented as part of the special purpose vehicle (SPV) which meets monthly to monitor contract operation. The Academy may invoke penalty clauses should poor performance by the PFI contractor become a limiting factor to effective teaching and learning.
- Planned PFI related revenue expenditure incorporates appropriate indexation in line with contract parameters.

## Trustees' Report (continued)

For the year ended 31 August 2016

- PFI capital expenditure planning incorporates provision for associated increases in future lifecycle and maintenance revenue costs.

### Reputational risk

- Trustees and school leaders, through the committee structure, identify key legal and regulatory requirements and implement appropriate compliance and monitoring reporting.
- Academy Trustees and Leadership team review and agree internal compliance procedures, allocating key staff to key areas of regulatory responsibility.

### Performance Risk

- The Academy measures performance against internal and National targets. Responsibility for achieving these targets is shared by all staff via the School Improvement Plan and the annual performance management cycle.

The Academy Trust practices through its Board, namely the governing body and the constituted subcommittees risk management principles. Any major risks highlighted at any sub committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The governing body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the governing body collectively, whilst more minor risks are dealt with by senior executive officers.

### Plans for future periods

#### a. Future developments

#### Whole School Priorities

- Assuring and developing the quality of teaching, learning and assessment
- Improving outcomes for students
- Building leadership and leadership capacity
- Maintaining a positive learning culture

In addition, the school is also working to:

- Provide a relevant and challenging curriculum
- Build relationships with students, parents and the local community
- Significantly reduce costs to ensure the long term financial sustainability of the school

### Funds held as custodian trustee on behalf of others

The trust held no such funds.

## Trustees' Report (continued)

For the year ended 31 August 2016

### Disclosure of information to auditors

Each of the persons who are trustees at the time when this trustees' report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

### Auditors

The auditors, Grant Thornton UK LLP, have indicated their willingness to continue in office.

This report, incorporating the Strategic report, was approved by order of the board of trustees, as the company directors, on 15 December 2016 and signed on the board's behalf by:

**Mrs L Browett**  
**Chair of Trustees**

## Governance Statement

### Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Caroline Chisholm 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 Caroline Chisholm 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 trustees' responsibilities statement. The board of trustees has formally met 5 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
Mr D Atkinson, Chair of Trustees	2	2
Mr P Ashton, Staff Trustee	1	2
Mrs J Blaize, Staff Trustee	5	5
Mrs L Browett, Chair of Trustees	5	5
Mr S Clifford, Trustee	0	4
Mrs A Crawte, Staff Trustee	1	2
Mrs J Croasdale, Trustee	5	5
Ms S Duffy, Trustee	4	5
Mrs R Fitzgerald, Trustee	4	5
Mr J Goredema, Trustee	1	5
Mr S Gregson, Staff Trustee	3	4
Mrs S Homer, Trustee	2	4
Mr G Irons, Trustee	4	5
Mr D James, Principal	5	5
Mrs T Macrae, Trustee	2	5
Mr A Phillips, Staff Trustee	4	5
Mr P Quelch, Trustee	5	5
Dr C Rees, Trustee	2	5
Mrs S Robson, Trustee	5	5
Mrs L Samways, Trustee	5	5
Mrs M Simmonds, Staff Trustee	4	4
Mr S Stringer, Trustee	4	4
Mrs L Tyson, Trustee	3	5
Mrs C Young, Trustee	4	4

The Finance and PFI Committee reviewed the Audit arrangements and recommended to the Full Board that the firm of Grant Thornton be reappointed as Auditors for the School Accounts.

The Finance and PFI Committee is a sub-committee of the main board of trustees. Its purpose is to assist the decision making of the board of trustees, by enabling more detailed consideration to be given to the best means of fulfilling the trustees' responsibility to ensure sound management of the academy trust's finances and resources, including proper planning, monitoring and probity.

## Governance Statement (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr D Atkinson	1	2
Mrs J Blaize	4	4
Mrs L Browett	4	4
Mrs A Crawte	1	1
Mr D James	4	4
Dr C Rees	3	4
Mrs L Samways	4	4
Mr S Stringer	2	2

The Audit Committee is also a sub committee of the main board of trustees. Its purpose is to investigate any activity within the terms of reference or specifically delegated to it by the board of trustees. It is authorised to request any information it requires from any employee, external audit, internal audit or other assurance provider.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr P Quelch	2	2
Ms S Duffy	2	2
Mr J Goredema	1	2

### 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:

- Allocating the necessary resources to best promote the aims and values of the School
- Targeting resources deployed to best improve standard and the quality of provision
- Using resources to best support the various educational needs of all students
- In-house monitoring by the senior and middle management teams
- Annual budget planning plus monthly management reporting of income and expenditure to the Principal and Governors
- Regular auditing of the financial and management information throughout the academic year
- Analysis of school student performance data
- Analysis of DfE student performance data e.g. RAISE online

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 Caroline Chisholm School for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

## Governance Statement (continued)

### 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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

### The Risk and Control Framework

The academy'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 Finance and PFI Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of 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 Grant Thornton UK LLP, the external auditors, to perform a range of checks on the academy's financial systems.

The 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 income systems
- Testing of control account/bank reconciliations

On a semi-annual basis, the auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

## **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 external auditor;
- the financial management and governance self-assessment process;
- 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 and 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 December 2016 and signed on their behalf, by:

**Mrs L Browett**  
**Chair of Trustees**

**Mr D James**  
**Accounting Officer**

## Statement of Regularity, Propriety and Compliance

As Accounting Officer of Caroline Chisholm School I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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 EFA.

**Mr D James**  
**Accounting Officer**

Date: 15 December 2016

## Statement of Trustees' Responsibilities

For the year ended 31 August 2016

The trustees (who act as governors of Caroline Chisholm School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees and signed on its behalf by:

**Mrs L Browett, Member**  
**Chair of Trustees**

**Date: 15 December 2016**



## Independent Auditor's Report on the Financial Statements to the Members of Caroline Chisholm School

We have audited the financial statements of Caroline Chisholm School for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

### **Respective responsibilities of Trustees and auditor**

As explained more fully in the Statement of 'Trustees' responsibilities, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ('Charities SORP (FRS 102)') and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the 'Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.



## Independent Auditor's Report on the Financial Statements to the Members of Caroline Chisholm School

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

We have nothing to report in respect of the following matters where 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.

Gareth Norris (Senior statutory auditor)

for and on behalf of

### **Grant Thornton UK LLP**

Chartered Accountants  
Statutory Auditor

Milton Keynes  
19 December 2016

# Independent Reporting Accountant's Assurance Report on Regularity to Caroline Chisholm School and the Education Funding Agency

In accordance with the terms of our engagement letter dated 6 October 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Caroline Chisholm School during the year 1 September 2015 to 31 August 2016 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 Caroline Chisholm School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Caroline Chisholm School and the EFA 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 Caroline Chisholm School and the EFA, for our work, for this report, or for the conclusion we have formed.

## **Respective responsibilities of Caroline Chisholm School's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Caroline Chisholm School's funding agreement with the Secretary of State for Education dated 1 September 2011, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. 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.

## Independent Reporting Accountant's Assurance Report on Regularity to Caroline Chisholm School and the Education Funding Agency (continued)

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the Academy Trust's activities;
- evaluation of the processes and controls established and maintained in respect of regularity, propriety and compliance of the use of public funds through observation and testing of the arrangements in place and enquiry of the Accounting Officer;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance; and
- limited testing on a sample basis of income and expenditure for the areas identified as high risk.

### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant  
for and on behalf of

**Grant Thornton UK LLP**

Chartered Accountants

Milton Keynes

19 December 2016

## Statement of Financial Activities Incorporating Income and Expenditure Account

For the year ended 31 August 2016

	Note	Unrestricted income funds 2016 £	Restricted income funds 2016 £	Fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>Income from:</b>						
Donations and capital grants	2	15,563	35,550	-	51,113	67,415
Charitable activities:	3					
Funding for academy trust educational operations		-	8,766,696	-	8,766,696	9,158,674
Other trading activities	4	7,414	356,820	-	364,234	383,951
Investments	5	14,738	-	-	14,738	17,158
<b>Total income</b>		<b>37,715</b>	<b>9,159,066</b>	<b>-</b>	<b>9,196,781</b>	<b>9,627,198</b>
<b>Expenditure on:</b>						
Raising funds		13,816	237,737	-	251,553	442,694
Academy trust educational operations	6	-	8,912,273	725,781	9,638,054	9,991,681
<b>Total expenditure</b>	7	<b>13,816</b>	<b>9,150,010</b>	<b>725,781</b>	<b>9,889,607</b>	<b>10,434,375</b>
<b>Net income / (expenditure) before transfers</b>		<b>23,899</b>	<b>9,056</b>	<b>(725,781)</b>	<b>(692,826)</b>	<b>(807,177)</b>
Transfers between Funds	17	(4,593)	(62,393)	66,986	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>19,306</b>	<b>(53,337)</b>	<b>(658,795)</b>	<b>(692,826)</b>	<b>(807,177)</b>
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(1,289,000)	-	(1,289,000)	56,000
<b>Net movement in funds</b>		<b>19,306</b>	<b>(1,342,337)</b>	<b>(658,795)</b>	<b>(1,981,826)</b>	<b>(751,177)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		28,051	(191,784)	32,584,322	32,420,589	33,171,766
<b>Total funds carried forward</b>		<b>47,357</b>	<b>(1,534,121)</b>	<b>31,925,527</b>	<b>30,438,763</b>	<b>32,420,589</b>

## Balance Sheet

As at 31 August 2016

	Note	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Intangible assets	13		1,665		4,668
Tangible assets	14		31,923,861		32,579,654
			<u>31,925,526</u>		<u>32,584,322</u>
<b>Current assets</b>					
Debtors	15	116,058		80,652	
Cash at bank and in hand		1,588,836		1,684,617	
		<u>1,704,894</u>		<u>1,765,269</u>	
<b>Creditors:</b> amounts falling due within one year	16	(404,657)		(552,002)	
<b>Net current assets</b>			<u>1,300,237</u>		<u>1,213,267</u>
<b>Total assets less current liabilities</b>			<u>33,225,763</u>		<u>33,797,589</u>
Defined benefit pension scheme liability	22		(2,787,000)		(1,377,000)
<b>Net assets including pension scheme liabilities</b>			<u><u>30,438,763</u></u>		<u><u>32,420,589</u></u>
<b>Funds of the academy</b>					
Restricted income funds:					
Restricted income funds	17	1,252,879		1,185,216	
Fixed asset funds	17	31,925,527		32,584,322	
		<u>33,178,406</u>		<u>33,769,538</u>	
Restricted income funds excluding pension liability					
Pension reserve		(2,787,000)		(1,377,000)	
		<u>30,391,406</u>		<u>32,392,538</u>	
Total restricted income funds			<u>30,391,406</u>		<u>32,392,538</u>
Unrestricted income funds	17		47,357		28,051
			<u>47,357</u>		<u>28,051</u>
<b>Total funds</b>			<u><u>30,438,763</u></u>		<u><u>32,420,589</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 15 December 2016 and are signed on their behalf, by:

**Mrs L Browett**  
**Chair of Trustees**

The notes on pages 24 to 44 form part of these financial statements.

## Statement of Cash Flows

For the year ended 31 August 2016

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	19	<u>(43,534)</u>	<u>126,075</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		14,738	17,158
Purchase of tangible fixed assets		<u>(66,985)</u>	<u>(98,202)</u>
<b>Net cash used in investing activities</b>		<u>(52,247)</u>	<u>(81,044)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>(95,781)</b>	45,031
Cash and cash equivalents brought forward		<u>1,684,617</u>	<u>1,639,586</u>
<b>Cash and cash equivalents carried forward</b>	20	<u><u>1,588,836</u></u>	<u><u>1,684,617</u></u>

The notes on pages 24 - 44 form part of these financial statements.

# Notes to the Financial Statements

For the year ended 31 August 2016

## **1. Accounting Policies**

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

### **1.1 Basis of preparation of financial statements**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Caroline Chisholm School constitutes a public benefit entity as defined by FRS 102.

#### **First time adoption of FRS 102**

These financial statements are the first financial statements of Caroline Chisholm School prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Caroline Chisholm School for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 26.

### **1.2 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 and include grants from the Department for Education.

# Notes to the Financial Statements

For the year ended 31 August 2016

## **1. Accounting Policies (continued)**

### **1.3 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 trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements..

### **1.4 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 are included in the Statement of financial activities incorporating income and expenditure account 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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.

# Notes to the Financial Statements

For the year ended 31 August 2016

## 1. Accounting Policies (continued)

### 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 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.

### 1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

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 incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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 incorporating income and expenditure account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. 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:

Short-term leasehold property	-	2% straight line (Buildings) / 0.8% straight line (Leasehold land)
Motor vehicles	-	25% straight line
Fixtures and fittings	-	10% straight line
Computer equipment	-	25% straight line

# Notes to the Financial Statements

For the year ended 31 August 2016

## **1. Accounting Policies (continued)**

### **1.7 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 Bank.

### **1.8 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.

### **1.9 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 and provisions**

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.

### **1.12 Financial instruments**

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

### **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.

# Notes to the Financial Statements

For the year ended 31 August 2016

## **1. Accounting Policies (continued)**

### **1.14 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 and the assets are held separately from those of the academy.

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 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the 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.

# Notes to the Financial Statements

For the year ended 31 August 2016

## 1. Accounting Policies (continued)

### 1.15 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

The 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

Critical areas of judgement:

The trust occupies buildings under PFI agreements with the local authority and has applied judgement in determining that these buildings should be capitalised on the balance sheet. The trust does not believe that there are any other additional critical areas where judgement is used.

## 2. Income from donations and capital grants

	Unrestricted income funds 2016 £	Restricted income funds 2016 £	Fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	15,563	-	-	15,563	31,917
Capital grants	-	35,550	-	35,550	35,498
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	<u>15,563</u>	<u>35,550</u>	<u>-</u>	<u>51,113</u>	<u>67,415</u>

In 2015, of the total income from donations and capital grants, £15,960 was to unrestricted funds and £51,455 was to restricted funds.

## Notes to the Financial Statements

For the year ended 31 August 2016

### 3. Funding for Academy's educational operations

	Unrestricted income funds 2016 £	Restricted income funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
General annual grant (GAG)	-	8,442,960	8,442,960	8,748,849
Other DfE/EFA grants	-	160,161	160,161	188,146
	<u>-</u>	<u>8,603,121</u>	<u>8,603,121</u>	<u>8,936,995</u>
<b>Other government grants</b>				
Other grants	-	23,442	23,442	17,599
Local authority grants	-	140,133	140,133	204,080
	<u>-</u>	<u>163,575</u>	<u>163,575</u>	<u>221,679</u>
	<u>-</u>	<u>8,766,696</u>	<u>8,766,696</u>	<u>9,158,674</u>

In 2015, of the total income from charitable activities, £NIL was to unrestricted funds and £9,158,674 was to restricted funds.

### 4. Other trading activities

	Unrestricted income funds 2016 £	Restricted income funds 2016 £	Total funds 2016 £	Total funds 2015 £
Music, books and exam recharges	1,918	275,061	276,979	311,458
Letting income	4,800	-	4,800	4,450
Other income	696	81,759	82,455	68,043
	<u>7,414</u>	<u>356,820</u>	<u>364,234</u>	<u>383,951</u>

In 2015, of the total income from other trading activities, £17,158 was to unrestricted funds and £366,793 was to restricted funds.

## Notes to the Financial Statements

For the year ended 31 August 2016

### 5. Investment income

	Unrestricted income funds 2016 £	Restricted income funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest receivable	14,738	-	14,738	17,158

In 2015, of the total investment income, £17,158 was to unrestricted funds and £NIL was to restricted funds.

### 6. Analysis of expenditure on charitable activities

	Unrestricted income funds 2016 £	Restricted income funds 2016 £	Total funds 2016 £	Total funds 2015 £
Direct costs	-	7,246,558	7,246,558	7,340,772
Allocated support costs	-	2,391,496	2,391,496	2,650,909
	-	9,638,054	9,638,054	9,991,681

In 2015, of the total expenditure, £9,859,594 was expenditure from unrestricted funds and £1,680 was expenditure from restricted funds.

#### Direct costs

	Unrestricted funds £	Restricted funds £	2016 £	2015 £
Wages and salaries	-	5,437,522	5,437,522	5,593,485
National insurance	-	351,507	351,507	357,062
Pension costs	-	949,082	949,082	884,214
Educational supplies	-	290,982	290,982	285,736
Staff development	-	28,437	28,437	32,502
Examination fees	-	135,028	135,028	137,773
Defined benefit net pension finance cost	-	54,000	54,000	50,000
Total	-	7,246,558	7,246,558	7,340,772

## Notes to the Financial Statements

For the year ended 31 August 2016

### Allocated support costs

	Unrestricted funds £	Restricted funds £	2016 £	2015 £
Wages and salaries	-	369,145	369,145	448,188
National insurance	-	22,188	22,188	23,887
Pension costs	-	71,692	71,692	86,562
Depreciation	-	725,781	725,781	721,538
Recruitment costs	-	17,856	17,856	31,494
Insurance	-	45,715	45,715	43,385
Maintenance of premises and equipment	-	96,031	96,031	128,888
Rent and rates	-	53,456	53,456	52,654
Catering	-	86,591	86,591	95,903
PFI Charges	-	801,950	801,950	829,354
Legal and professional fees	-	43,052	43,052	94,346
Other costs	-	-	-	303
Governance costs	-	58,039	58,039	94,407
Total	-	2,391,496	2,391,496	2,650,909

### 7. Expenditure

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on fundraising trading	-	-	251,553	251,553	442,694
Direct costs	6,738,111	-	508,447	7,246,558	7,340,772
Support costs	463,025	951,437	977,034	2,391,496	2,650,909
	<u>7,201,136</u>	<u>951,437</u>	<u>1,737,034</u>	<u>9,889,607</u>	<u>10,434,375</u>

In 2016, of the total expenditure, £13,816 (2015 - £74,488) was to unrestricted funds and £9,875,791 (2015 - £10,359,887).

## Notes to the Financial Statements

For the year ended 31 August 2016

### 8. Net incoming resources/(resources expended)

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	725,781	721,538
Amortisation of intangible fixed assets	3,003	3,003
Auditor's remuneration - audit	8,500	8,250
Auditor's remuneration - other services	5,060	4,050
Auditor's remuneration - other EFA requirements	3,725	3,625
	<u>725,781</u>	<u>721,538</u>

## Notes to the Financial Statements

For the year ended 31 August 2016

### 9. Staff costs

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	5,691,778	5,968,645
Social security costs	373,695	380,949
Operating costs of defined benefit pension schemes	1,020,774	970,776
	<u>7,086,247</u>	<u>7,320,370</u>
Supply teacher costs	114,889	73,028
Staff restructuring costs	7,444	-
	<u><u>7,208,580</u></u>	<u><u>7,393,398</u></u>

Staff restructuring costs comprise:

Severance payments	<u>7,444</u>	<u>-</u>
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The average number of persons employed by the academy during the year was as follows:

	2016 No.	2015 No.
Teachers	134	128
Support staff	105	120
Management	13	14
	<u>252</u>	<u>262</u>

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

	2016 No.	2015 No.
In the band £ 60,001 - £ 70,000	2	2
In the band £ 70,001 - £ 80,000	1	1
In the band £100,001 - £110,000	1	0
In the band £111,001 - £120,000	0	1

All of the above employees participated in the Teachers' Pension Scheme and the value of employer pension contributions for these employees for the year amounted to £51,582 (2015: £42,039).

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £7,444. This was one individual payment.

Key management personnel are the members of the senior leadership team. Total employment benefits, including employer pension and national insurance contributions, of the key management personnel were £958,608 (2015: £932,241).

## Notes to the Financial Statements

For the year ended 31 August 2016

### 10. Trustees' remuneration and expenses

During the year retirement benefits were accruing to 1 Trustee (2015 - NIL) in respect of defined contribution pension schemes.

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2016	2015
		£	£
T Downing (Former Principal)	Remuneration	0	115,000-120,000
	Pension contributions paid	0	15,000-20,000
A Crawte (staff trustee)	Remuneration	10,000-15,000	35,000-40,000
	Pension contributions paid	0-5,000	5,000-10,000
P Ashton (staff trustee)	Remuneration	10,000-15,000	30,000-35,000
	Pension contributions paid	0-5,000	0-5,000
K Harle (staff trustee)	Remuneration	0	30,000-35,000
	Pension contributions paid	0	0-5,000
A Phillips (staff trustee)	Remuneration	50,000-55,000	50,000-55,000
	Pension contributions paid	5,000-10,000	5,000-10,000
J Blaize (staff trustee)	Remuneration	25,000-30,000	25,000-30,000
	Pension contributions paid	5,000-10,000	5,000-10,000
D James (Principal and trustee)	Remuneration	100,000-105,000	0-5,000
	Pension contributions paid	15,000-20,000	0-5,000
S Gregson (staff trustee)	Remuneration	25,000-30,000	0
	Pension contributions paid	5,000-10,000	0
M Simmonds (staff trustee)	Remuneration	20,000-25,000	0
	Pension contributions paid	0-5,000	0

The above amounts relate only to the periods for which they were trustees of the academy.

During the year, no Trustees received any reimbursement of expenses (2015 - £NIL).

### 11. 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 £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £226 (2015 - £266).

## Notes to the Financial Statements

For the year ended 31 August 2016

### 12. Other finance income

	2016 £	2015 £
Interest on pension scheme liabilities	<u>(54,000)</u>	<u>(50,000)</u>

### 13. Intangible fixed assets

	Software £
<b>Cost</b>	
At 1 September 2015 and 31 August 2016	<u>15,015</u>
<b>Amortisation</b>	
At 1 September 2015	10,347
Charge for the year	<u>3,003</u>
At 31 August 2016	<u>13,350</u>
<b>Carrying amount</b>	
At 31 August 2016	<u>1,665</u>
At 31 August 2015	<u>4,668</u>

### 14. Tangible fixed assets

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2015	35,073,206	5,250	75,555	276,125	35,430,136
Additions	-	-	17,739	49,246	66,985
At 31 August 2016	<u>35,073,206</u>	<u>5,250</u>	<u>93,294</u>	<u>325,371</u>	<u>35,497,121</u>
<b>Depreciation</b>					
At 1 September 2015	2,679,463	5,250	19,411	146,358	2,850,482
Charge for the year	659,086	-	8,412	55,280	722,778
At 31 August 2016	<u>3,338,549</u>	<u>5,250</u>	<u>27,823</u>	<u>201,638</u>	<u>3,573,260</u>
<b>Net book value</b>					
At 31 August 2016	<u>31,734,657</u>	<u>-</u>	<u>65,471</u>	<u>123,733</u>	<u>31,923,861</u>
At 31 August 2015	<u>32,393,743</u>	<u>-</u>	<u>56,144</u>	<u>129,767</u>	<u>32,579,654</u>

## Notes to the Financial Statements

For the year ended 31 August 2016

### 15. Debtors

	2016	2015
	£	£
Trade debtors	11,743	-
Other debtors	18,637	3,467
Prepayments and accrued income	85,678	77,185
	<u>116,058</u>	<u>80,652</u>

### 16. Creditors: Amounts falling due within one year

	2016	2015
	£	£
Other taxation and social security	132,583	126,049
Other creditors	-	1,918
Accruals and deferred income	272,074	424,035
	<u>404,657</u>	<u>552,002</u>

	2016	2015
	£	£
<b>Deferred income</b>		
Deferred income at 1 September 2015	128,129	167,027
Resources deferred during the year	165,591	128,129
Amounts released from previous years	(128,129)	(167,027)
Deferred income at 31 August 2016	<u>165,591</u>	<u>128,129</u>

Deferred income relates to school trip income received in respect of future trips of £165,591 (2015: £128,129).

## Notes to the Financial Statements

For the year ended 31 August 2016

### 17. Statement of funds

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
Unrestricted Funds	28,051	37,715	(13,816)	(4,593)	-	47,357
<b>Restricted funds</b>						
General Annual Grant (GAG)	386,221	8,389,537	(8,212,720)	(71,105)	-	491,933
Other DfE/EFA Grants	10,465	249,135	(228,337)	-	-	31,263
Local Authority Grants	729,683	140,133	(140,133)	-	-	729,683
Other	58,847	380,261	(447,820)	8,712	-	-
Pension reserve	(1,377,000)	-	(121,000)	-	(1,289,000)	(2,787,000)
	<u>(191,784)</u>	<u>9,159,066</u>	<u>(9,150,010)</u>	<u>(62,393)</u>	<u>(1,289,000)</u>	<u>(1,534,121)</u>
<b>Restricted fixed asset funds</b>						
Transfer from Local Authority	32,062,354	-	(659,086)	-	-	31,403,268
Capital expenditure from other funds	521,968	-	(66,695)	66,986	-	522,259
	<u>32,584,322</u>	<u>-</u>	<u>(725,781)</u>	<u>66,986</u>	<u>-</u>	<u>31,925,527</u>
Total restricted funds	<u>32,392,538</u>	<u>9,159,066</u>	<u>(9,875,791)</u>	<u>4,593</u>	<u>(1,289,000)</u>	<u>30,391,406</u>
Total of funds	<u><u>32,420,589</u></u>	<u><u>9,196,781</u></u>	<u><u>(9,889,607)</u></u>	<u><u>-</u></u>	<u><u>(1,289,000)</u></u>	<u><u>30,438,763</u></u>

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

Restricted general funds will be used for educational purposes in line with the academy's objects and its funding agreement with the EFA.

Fixed asset funds amounting to £31,925,527 will be reserved against future depreciation charges, and the remainder relates to unspent capital grants which will be utilised to enhance the academy's facilities.

The transfer between the general restricted fund and the fixed asset fund represents fixed asset additions funded by general restricted funds.

## Notes to the Financial Statements

For the year ended 31 August 2016

### 18. Analysis of net assets between funds

	Unrestricted income funds 2016 £	Restricted income funds 2016 £	Fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Intangible fixed assets	-	1,665	-	1,665	4,668
Tangible fixed assets	(1,666)	-	31,925,527	31,923,861	32,579,654
Current assets	49,023	1,655,870	-	1,704,893	1,765,269
Creditors due within one year	-	(404,656)	-	(404,656)	(552,002)
Provisions for liabilities and charges	-	(2,787,000)	-	(2,787,000)	(1,377,000)
	<u>47,357</u>	<u>(1,534,121)</u>	<u>31,925,527</u>	<u>30,438,763</u>	<u>32,420,589</u>

### 19. Reconciliation of net movement in funds to net cash flow from operating activities

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(692,826)	(807,177)
<b>Adjustment for:</b>		
Depreciation charges	725,781	721,538
Dividends, interest and rents from investments	(14,738)	(17,158)
Increase in debtors	(35,405)	(10,915)
(Decrease)/increase in creditors	(147,346)	91,787
Defined benefit pension scheme cost less contributions payable	67,000	98,000
Defined benefit pension scheme finance cost	54,000	50,000
Net cash (used in)/provided by operating activities	<u>(43,534)</u>	<u>126,075</u>

### 20. Analysis of cash and cash equivalents

	2016 £	2015 £
Cash in hand	1,588,836	1,684,617
Total	<u>1,588,836</u>	<u>1,684,617</u>

### 21. Capital commitments

There were no capital commitments as at 31 August 2016 or 31 August 2015.

# Notes to the Financial Statements

For the year ended 31 August 2016

## **22. Pension commitments**

The academy's employees belong to two principal pension schemes: the Teacher's 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 Northamptonshire County Council. Both are s.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

### **Teachers' Pension Scheme**

#### **Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

#### **Valuation of the Teachers' Pension Scheme**

Not less than every four years 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. 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 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

## Notes to the Financial Statements

For the year ended 31 August 2016

### **22. Pension commitments (continued)**

The employer's pension costs paid to TPS in the period amounted to £732,037 (2015: £649,776).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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

#### **Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £288,000 (2015: £321,000), of which employer's contributions totalled £221,000. (2015: £246,000) and employees' contributions totalled £67,000 (2015: £75,000). The agreed contribution rates for future years are 19.4% for employers and between 5.5% and 12.5% 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:

	<b>2016</b>	2015
Discount rate for scheme liabilities	<b>2.10 %</b>	3.80 %
Rate of increase in salaries	<b>4.10 %</b>	4.60 %
Rate of increase for pensions in payment / inflation	<b>2.10 %</b>	2.70 %

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

	<b>2016</b>	2015
Retiring today		
Males	<b>22.3</b>	22.3
Females	<b>24.3</b>	24.3
Retiring in 20 years		
Males	<b>24.0</b>	24.0
Females	<b>26.6</b>	26.6

## Notes to the Financial Statements

For the year ended 31 August 2016

### 22. Pension commitments (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	2,130,000	1,566,600
Bonds	570,000	425,220
Property	240,000	201,420
Cash	60,000	44,760
	<u>3,000,000</u>	<u>2,238,000</u>
Total market value of assets	<u>3,000,000</u>	<u>2,238,000</u>

The actual return on scheme assets was £480,000 (2015: £67,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(288,000)	(344,000)
Net interest cost	(54,000)	(50,000)
	<u>(342,000)</u>	<u>(394,000)</u>
Total	<u>(342,000)</u>	<u>(394,000)</u>

Movements in the present value of the defined benefit obligation were as follows:

	2016 £	2015 £
Opening defined benefit obligation	3,615,000	3,140,000
Current service cost	288,000	344,000
Interest cost	144,000	124,000
Contributions by employees	67,000	75,000
Actuarial losses/(gains)	1,679,000	(63,000)
Benefits paid	(6,000)	(5,000)
	<u>5,787,000</u>	<u>3,615,000</u>
Closing defined benefit obligation	<u>5,787,000</u>	<u>3,615,000</u>

## Notes to the Financial Statements

For the year ended 31 August 2016

### 22. Pension commitments (continued)

Movements in the fair value of the academy's share of scheme assets:

	2016	2015
	£	£
Opening fair value of scheme assets	2,238,000	1,855,000
Interest income	90,000	74,000
Return on plan assets (excluding net interest on the net defined pension liability)	390,000	(7,000)
Contributions by employer	221,000	246,000
Contributions by employees	67,000	75,000
Benefits paid	(6,000)	(5,000)
	<u>3,000,000</u>	<u>2,238,000</u>
Closing fair value of scheme assets	<u>3,000,000</u>	<u>2,238,000</u>

### 23. Operating lease commitments

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	Land and buildings		Other	
	2016	2015	2016	2015
	£	£	£	£
<b>Amounts payable:</b>				
Within 1 year	610,715	601,156	11,506	25,159
Between 1 and 5 years	2,442,860	2,404,624	4,680	9,360
After more than 5 years	4,885,721	5,410,404	-	-
Total	<u>7,939,296</u>	<u>8,416,184</u>	<u>16,186</u>	<u>34,519</u>

The land and buildings operating lease commitment relates to the PFI building which expires in 2029.

### 24. 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.

## Notes to the Financial Statements

For the year ended 31 August 2016

### 25. Related party transactions

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

During the year ended 31 August 2016, Mr A Phillips, who is one of the staff trustees, was paid £nil (2015: £280) for services provided to the school.

### 26. First time adoption of FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2015 are given below.

<b>Reconciliation of total funds</b>	<b>Notes</b>	1 September 2014	31 August 2015
		£	£
Total funds under previous UK GAAP		33,171,766	32,420,589
Total funds reported under FRS 102		<u>33,171,766</u>	<u>32,420,589</u>
<b>Reconciliation of net (expenditure)</b>	<b>Notes</b>		31 August 2015
			£
Net (expenditure) previously reported under UK GAAP			(771,177)
Net movement in funds reported under FRS102	A		(36,000)
Net movement in income reported under FRS 102			<u>(807,177)</u>

Explanation of changes to previously reported funds and net income/expenditure:

A	Change in recognition of LGPS interest costs Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the charge has been to increase the debit to expense by £36,000 and increase the credit in other recognised gains and losses in the SOFA by an equivalent amount.
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