

Ashwell Academy

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2016

Forrester Boyd Robson Limited
Kingfisher Court
Plaxton Bridge Road
Woodmansey
Beverley
HU17 0RT

 **Forrester Boyd Robson**
Chartered Accountants



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Reference and Administrative Details

Members	E Evans I Ravenscroft C Ideson-Bowen
Governors and Trustees (Directors)	E Evans, (i) (ii) Chair C Ideson-Bowden, (i) Vice Chair I Ravenscroft, (ii) (resigned 1 November 2015) J Downing, (i) (ii) Staff Governor C Birkenshaw, (i) D Wrapson, (i) M Wrightson M Hare (appointed 4 November 2015 and resigned 19 April 2016) B Smurthwaite, (ii) (appointed 24 February 2016) S Wilson, (ii) (appointed 23 September 2015)
	(i) members of the Business, Finance and Resources Committee (ii) members of the Standards and Progress Committee
Senior Management Team	C Birkenshaw, Principal C Clarke, Vice Principal N Jones, Assistant Principal A Young, Assistant Principal (appointed interim Accounting Officer with effect from 7 December 2016) J Downing, School Business Manager
Principal and Registered Office	Snowdon Way Bransholme Hull HU7 5DS
Head Teacher	C Birkenshaw
Bankers	Lloyds Banking Group 1st Floor Lisbon House 116 Wellington Street Leeds LS2 3AG
Solicitors	Wrigley Solicitors LLP 19 Cookridge Street Leeds LS2 3AG
Company Registration Number	08418435
Auditors	Forrester Boyd Robson Limited Kingfisher Court Plaxton Bridge Road Woodmansey Beverley HU17 0RT



Trustees' Report for the Year Ended 31 August 2016

The Trustees present their annual report together with the financial statements and auditors' report 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.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company registration number is 08418435.

The governors act as the trustees for the charitable activities of Ashwell Academy and 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.

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.

Trustees' indemnities

The Academy through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Trustees. The insurance provides cover up to £2,000,000 on any one claim.

Method of recruitment and appointment or election of Trustees

The company's Memorandum and Articles of Association are the primary governing documents of the Academy. The number of Governors shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

The members may appoint up to 16 Governors and must have a minimum of 2 Parent Governors.

The members may appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Headteacher) who are employees of the Academy does not exceed one third of the total number of Governors.

The Principal shall be treated for all purposes as being an ex officio Governor.

The parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of pupils at the Academy at the time when he/she is elected.

The Secretary of State may also appoint additional Governors if he feels it appropriate and ultimately has the power to in effect take over the Governance of the Academy. The Secretary of State has not appointed any additional Governors.

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new Trustees will be given a tour of the Academy and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees.

As there are normally only one or two new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.



Trustees' Report for the Year Ended 31 August 2016 (continued)

Organisational structure

The Academy structure now consists of two levels: the Trustees and the Senior Leadership Team. 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 by the use of budgets and making major decisions about the direction of the Academy, and senior staff appointments.

The Senior Leadership Team members are, the Principal, Vice Principal, 2 Assistant Principals and the School Business Manager. These managers lead the Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group, the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff. The Principal, Vice Principal and School Business Manager sign all purchase orders within the Academy.

With effect from 7 December 2016, A Young (Assistant Principal) was appointed Interim Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

The Principal is set targets each year by the Principal's appraisal committee, this is usually supported by a school improvement partner who works with governors to set realistic and meaningful targets which will promote and drive the Academy forward. The Academy set a range in which the Principal's pay is managed. The range for Ashwell is 25 -31 on the Head Teachers' pay scale. The Vice Principal is monitored for pay by the same method as the Principal along with targets which will be used to make decisions around pay progression. Ashwell's range for Vice Principal is 12 – 16. The Academy has 2 Assistant Principals who are subject to performance management where yearly targets are set and monitored at set times throughout the academic year. The School business manager is subject to Performance Management, the same process as the Assistant Principals.

Connected organisations, including related party relationships

Ashwell Academy is an individual convertor Academy which is a member of the ICA Partnership.

Governors are drawn from the local community and from time to time it is possible that the Academy will enter into transactions with organisations in which a Trustee or Governor has an interest. All such transactions are reflected in the Trusts' Register of Business Interests. These are duly considered by the Governing Body on a regular basis to ensure all such transactions are in line with the Academies Handbook requirements.

Objectives and activities

Objects and aims

The principal object and activity of the charitable company is the operation of Ashwell Academy, Hull, and to provide education for students of different abilities between the ages of 11-16.

We endeavor to provide an enjoyable, enriched educational experience, relevant and meaningful for every child:

- To create a caring environment in which each child feels happy, secure and motivated to learn.
- To identify value and positively foster his/her individual talents.
- To offer pupils a curriculum which is coordinated, differentiated and challenging.
- To encourage independence of mind and a questioning spirit.
- To promote an awareness of moral values, service, friendship and the communal responsibility of all.

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the National Curriculum.



Trustees' Report for the Year Ended 31 August 2016 (continued)

Objectives, strategies and activities

The main objectives of the Academy during the period ended 31 August 2016 are summarised below:

Key Priorities:

- To continue to raise standards of attainment and progress throughout the school and increase level of teaching from good to outstanding, within the New Curriculum.
- To raise standards in English throughout the school – (including the new curriculum).
- To raise standards in Maths throughout the school – (including the new curriculum).
- To ensure high quality provision throughout the new Foundation Stage Unit.
- To continue to develop inclusion throughout the school specifically with reference to the SEN code of practice.

Secondary Priorities:

- To ensure coverage of the new curriculum in all areas.
- To develop links within the ICA partnership, including school to school support.
- Ensuring that pay is performance related and staff have opportunities to develop and meet CPD targets.
- Ensuring that all staff develop as leaders and therefore a middle tier of leaders is developed - succession planning.
- Ensuring the curriculum is relevant to the childrens' experiences; linked to their interests; promotes thinking and independence and develops key basic skills.

Public benefit

The Academy provides educational services to all children in the local area. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

The primary purpose of Ashwell Academy, Hull is the advancement of education within Hull. To this end, it now runs as an Academy aspiring towards the highest possible standards for approximately 40 students aged 11-16. The Academy will become a natural progression to our local Secondary Academy for the majority of students and will contribute to the community ethos. The Academy continues to be full in the majority of classes.

Inextricably linked with this purpose is the aim of contributing to the public good. Through the provision of educational activities and extracurricular activities, the Academy aims to contribute considerable benefit to the local community.



Trustees' Report for the Year Ended 31 August 2016 (continued)

The Academy involves the community in the following activities:

Community Partnership projects:

- 5th November fire work event
- Christmas fare for community
- Christmas lunch for the elderly
- Football clubs use the site (at no cost)
- BBQ and reward celebration for Cumbrian Tigers

Family learning opportunities:

- Six week programme for families to come in after school to take part in ready steady cook, construction based projects and Art projects

The Academy has given a high priority to providing public benefit to a cross section of the community, but perhaps the greatest benefit that the Academy can offer is the provision of an education that maximises each student's potential to develop principled, informed, open minded and confident citizens who respect the beliefs of others and who are determined to make a positive contribution to society.

The aforementioned objectives, activities, achievements and performance further serve to emphasise the benefit the Academy brings to the public.

The Trustees have considered the impact of the public benefit requirement including the guidance issued by the Charity Commission.



Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Achievements and Performance

The Academy has recently had an Ofsted inspection with the overall rating of the school being judged to be Requires Improvement.

Key performance indicators

KS3

- 77% of pupils are making progress of which 9% are closing the gap and 50% are rapidly closing the gap in reading. 72% are making progress of which 63% are rapidly closing the gap in writing.
- A large majority of students 90% are making progress of which 81% are rapidly closing the gap in Math
- A large majority of students (90%) are making progress of which 15% are closing the gap and 65% are rapidly closing the gap in Science.
- A large majority of students (75%) are making progress of which (18%) are closing the gap and 31% are rapidly closing the gap in Humanities.

KS4

- Progress in KS4 is good with students achieving GCSE's 1 student achieving A in Math, 3 students achieving E-G's in Math Science and Art.
- By the end of YR 2 pupils are performing at or above NA and progress rates are good.
- 2014 results show English 100% D-G Math's 50% D-G 25% A- C Science 100% D-G%, these are in line with averages expected.
- Outcomes are close to targets for all subjects.

Going concern

The academy trust incurred a net deficit of £136,965 during the year ended 31 August 2016 and, at that date, the academy trust's current liabilities exceeded its current assets by £136,864 and it had negative restricted and unrestricted general funds of £136,864.

After making enquiries, the Trustees have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. During the financial year to 31 August 2016, the Academy incurred unexpected costs which had not been budgeted for. The Academy paid staff restructuring costs of £83,610 during the year which was mainly for redundancy costs.

The Trustees are confident that the measures put in place towards the end of the financial year ended 31 August 2016 will improve the Academy Trust's performance. Accordingly, the Trustees continue to adopt the going concern basis in preparing the Financial Statements.

Financial review

Most of the Academy's income is obtained from the DfE and the Local Authority in the form of recurrent grants and commissioned placements, the use of which is restricted to particular purposes. The grants and placement funding received from the DfE during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the period ended 31 August 2016, total expenditure of £1,576,669 was incurred which was not covered by the recurrent grant funding from the DfE together with other incoming resources of £1,439,704. The excess of expenditure over income for the period was £136,965. If depreciation and FRS 102 pension adjustments were excluded the deficit would be £76,357. In addition, during the year the Academy incurred staff restructuring costs of £58,455 and pension strain costs of £25,155.

At 31 August 2016 the net book value of fixed assets was £3,114,578 and movements in tangible fixed assets are shown in note 11 to the financial statements.

The Academy's staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy balance sheet shows a net liability of £1,132,000.



Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Reserves policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees consider that the value of three months' worth of the schools monthly salary costs will be sufficient to cover the day to day working capital of the School and timing of expenses payable.

A breakdown of the funds at 31 August 2016 is as follows:-

Unrestricted general fund	(32,254)
Restricted general fund	(104,610)
Restricted fixed asset fund	3,114,578
Restricted pension fund	(1,132,000)
Total funds	<u>1,845,714</u>

Investment policy

The Trustees agree all investments made by the Academy. The Academy does not currently hold any investments outside its current account. Future investments are likely to be restricted to deposit and money market accounts in all UK banks. The Academy will seek to hold adequate cash reserves for the day to day running of the School in line with the reserves policy.

Financial and risk management objectives and policies

The Academy is subject to a number of risks and uncertainties in common with other academies. The Academy has in place procedures to identify and mitigate financial risks. These are discussed further in the Risk Management section of this report and in the Governance Statement.

Principal risks and uncertainties

The principal risk and uncertainties are centered around changes in the level of funding from the DfE/EFA and the Local Authority. In addition, the Academy is a member of the Local Government Pension (LGPS), which may result in significant movements each year.

Risk management

The Trustees have assessed and implemented a number of systems to assess and mitigate risks that the school faces, especially in the operational areas e.g. in relation to teaching, health and safety, bullying and school trips and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement. Key risks have been identified below:

Key Risks Identified:

- Funding: This is the biggest risk for the Academy, the commissioned places that the LA purchases the survival of the Academy depends on the numbers the LA commission. The placements for NCVP (North Carr Vocational Provision) have a target budget that has to be achieved to ensure the survival of the provision.
- Falling student numbers: the Academy's student numbers have been rising over the past 3 years with 2015/2016 reaching 65 students. Looking at the trend the Academy sees there are no reasons why the numbers should fall.
- Cash flows: this has been an issue in the past due to the way the Academy receives its funding, the EFA and LA both pay monthly the other income is generated by private commissioned placements these are also charged half termly.

Plans for future periods

The Academy will continue striving to improve the levels of performance of its students at all levels by ensuring that the main objectives are achieved.



Trustees' Report for the Year Ended 31 August 2016 (continued)

Auditor

In so far as the Trustees are aware:

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

Trustees' Report, incorporating a Strategic Report, approved by order of the members of the Governing Body on 7 December 2016 and signed on its behalf by:

A handwritten signature in cursive script that reads "E Evans".

E Evans
Governor and trustee



Governance Statement

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Ashwell Academy 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 Governing Body has delegated the day-to-day responsibility to A Young, 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 Ashwell Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body 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 Governing Body has formally met 3 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
D Wrapson	3	3
C Ideson-Bowen	3	3
C Birkenshaw	0	3
E Evans	3	3
S Wilson	3	3
J Downing	3	3
M Hare	2	3
B Smurthwaite	3	3
M Wrightson	0	3
I Ravenscroft	0	3

The Business, Finance and Resources Committee is a sub-committee of the main Governing Body. Its purpose is to monitor closely the financial performance of the Academy and to review all policies and practices relating to these areas.

This committee also assesses internal review and external audit reports and reports to the board of Trustees.

Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
E Evans	4	4
C Ideson-Bowden	2	4
C Birkenshaw	2	4
D Wrapson	4	4
J Downing	4	4



Governance Statement (continued)

Review of value for money

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

The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available.

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Ashwell Academy for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Business, Finance and Resources 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 Governing Body has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the Trustees have appointed Claire Purdue of Christopher Pickering Primary School, a part qualified accountant to perform peer review

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

- testing of month end and budgets
- testing of the VAT system

On a regular basis, the reviewer reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

There were no material control or other issues reported by the peer reviewer to date.



Governance Statement (continued)

Review of effectiveness

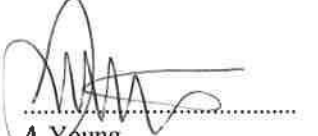
As Accounting Officer, A Young has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the peer reviewer;
- the financial management and governance self assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes 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 Governing Body on 7 December 2016 and signed on its behalf by:


.....
E Evans
Interim Governor and trustee


.....
A Young
Interim Accounting officer



Statement on Regularity, Propriety and Compliance

As Accounting Officer of Ashwell Academy I have considered my responsibility to notify the Academy Trust Governing Body 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 Governing Body 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 Governing Body and EFA.

A handwritten signature in black ink, appearing to read 'A Young', written over a horizontal dotted line.

A Young
Interim Accounting officer

7/12/2016



Statement of Trustees' Responsibilities

The Trustees (who are the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published 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 apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Annual Accounts Direction 2015 to 2016 issued by the Education Funding Agency;
- 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; and
- 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 on 7 December 2016 and signed on its behalf by:

A handwritten signature in cursive script, appearing to read 'E Evans', written over a dotted line.

E Evans
Governor and trustee



Independent Auditor's Report on the Financial Statements to the Members of Ashwell Academy

We have audited the financial statements of Ashwell Academy for the year ended 31 August 2016, which comprise the Statement of Financial Activities, 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 and 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 Accounts Direction 2015 to 2016 as issued by the Education Funding Agency.

This report is made solely to the charitable company's trustees, 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 charity'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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditors

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 13), the trustees (who are also the directors of the charitable company 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 and the Annual Accounts Direction 2015 to 2016 issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities SORP 2015.

Emphasis of matter

Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the Trustees' Report and in note 1 to the financial statements concerning the academy trust's ability to continue as a going concern. The academy trust incurred a net deficit of £136,965 during the year ended 31 August 2016 and, at that date, the academy trust's current liabilities exceeded its current assets by £136,864 and it had negative restricted and unrestricted general funds of £136,864. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the academy trust's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the academy trust was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

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

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:



**Independent Auditor's Report on the Financial Statements to the Members of Ashwell Academy
(continued)**

- 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.

Forrester Boyd Robson Limited

Michael Beckett BA FCA (Senior Statutory Auditor)
For and on behalf of Forrester Boyd Robson Limited, Statutory Auditor

Kingfisher Court
Plaxton Bridge Road
Woodmansey
Beverley
HU17 0RT

8 December 2016



Independent Reporting Accountant's Report on Regularity to Ashwell Academy and the Education Funding Agency

In accordance with the terms of our engagement letter dated 5 September 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 Ashwell Academy during the period 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 the Governing Body and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the Governing Body 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 the Governing Body and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated 1 April 2013 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 from 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 Annual Accounts Direction 2015 to 2016 issued by the Education Funding Agency issued by 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 Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Evaluating the systems and control environment;
- Assessing the risk of irregularity, impropriety and non-compliance;
- Confirming that the activities of the Academy trust are in keeping with the Academy's framework and the charitable objectives;
- Obtaining representations from the Accounting Officer and Key Management personnel.

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 from 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Independent Reporting Accountant's Report on Regularity to Ashwell Academy and the Education Funding Agency (continued)

Forrester Boyd Robson Limited

Michael Beckett BA FCA

For and on behalf of Forrester Boyd Robson Limited, Chartered Accountants

Kingfisher Court
Plaxton Bridge Road
Woodmansey
Beverley
HU17 0RT

8 December 2016



Statement of Financial Activities for the Year Ended 31 August 2016
(including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £
Income and endowments from:					
Donations and capital grants	2	9,250	-	4,776	14,026
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	1,419,953	-	1,419,953
Other trading activities	4	5,613	-	-	5,613
Investments	5	112	-	-	112
Total		14,975	1,419,953	4,776	1,439,704
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	-	1,539,061	37,608	1,576,669
Net income/(expenditure)		14,975	(119,108)	(32,832)	(136,965)
Transfers between funds		(47,229)	-	47,229	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	23	-	(205,000)	-	(205,000)
Net movement in (deficit)/funds		(32,254)	(324,108)	14,397	(341,965)
Reconciliation of funds					
Total (deficit)/funds brought forward at 1 September 2015		-	(912,502)	3,100,181	2,187,679
Total (deficit)/funds carried forward at 31 August 2016		(32,254)	(1,236,610)	3,114,578	1,845,714



**Statement of Financial Activities for the Year Ended 31 August 2015
(including Income and Expenditure Account)**


	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2015 £
Income and endowments from:					
Donations and capital grants	2	-	29,981	2,668	32,649
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	1,228,813	-	1,228,813
Other trading activities	4	639	-	-	639
Investments	5	120	-	-	120
Total		759	1,258,794	2,668	1,262,221
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	-	1,282,994	29,480	1,312,474
Net income/(expenditure)		759	(24,200)	(26,812)	(50,253)
Transfers between funds		(4,698)	4,698	-	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	23	-	(26,000)	-	(26,000)
Net movement in deficit		(3,939)	(45,502)	(26,812)	(76,253)
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2014		3,939	(867,000)	3,126,993	2,263,932
Total (deficit)/funds carried forward at 31 August 2015		-	(912,502)	3,100,181	2,187,679



(Registration number: 08418435)
Balance Sheet as at 31 August 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	11	3,114,578	3,126,397
Current assets			
Debtors	12	164,496	78,078
Cash at bank and in hand		<u>80,602</u>	<u>108,941</u>
		245,098	187,019
Creditors: Amounts falling due within one year	13	<u>(381,962)</u>	<u>(221,737)</u>
Net current liabilities		<u>(136,864)</u>	<u>(34,718)</u>
Total assets less current liabilities		<u>2,977,714</u>	<u>3,091,679</u>
Net assets excluding pension liability		2,977,714	3,091,679
Pension scheme liability	23	<u>(1,132,000)</u>	<u>(904,000)</u>
Net assets including pension liability		<u>1,845,714</u>	<u>2,187,679</u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		(104,610)	(8,502)
Restricted fixed asset fund		3,114,578	3,100,181
Restricted pension fund		<u>(1,132,000)</u>	<u>(904,000)</u>
		1,877,968	2,187,679
Unrestricted funds			
Unrestricted general fund		<u>(32,254)</u>	<u>-</u>
Total funds		<u>1,845,714</u>	<u>2,187,679</u>

The financial statements on pages 18 to 38 were approved by the Trustees, and authorised for issue on 7 December 2016 and signed on their behalf by:


.....
E Evans
Governor and trustee

**Statement of Cash Flows for the Year Ended 31 August 2016**

	Note	2013 £	2015 £
Net cash (outflow)/inflow from operating activities	17	(7,439)	73,246
Returns on investments and servicing of finance	18	112	120
Capital expenditure and financial investment	19	<u>(21,012)</u>	<u>(26,216)</u>
(Decrease)/increase in cash in the year	20	<u>(28,339)</u>	<u>47,150</u>



Notes to the Financial Statements for the Year Ended 31 August 2016

1 Accounting policies

Statement of 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.

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the United Kingdom (FRS 102), the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Annual Accounts Direction 2015 to 2016 issued by the Education Funding Agency and the Companies Act 2006.

Ashwell Academy meets the definition of a public benefit entity under FRS 102. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going concern

The academy trust incurred a net deficit of £136,965 during the year ended 31 August 2016 and, at that date, the academy trust's current liabilities exceeded its current assets by £136,864 and it had negative restricted and unrestricted general funds of £136,864. The net deficit for the year includes depreciation charges and FRS 102 pension adjustments, if these were excluded the deficit would be £76,357. In addition the academy trust incurred staff restructuring costs of £58,455.

After making enquiries, the Trustees have a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. The Trustees are confident that the measures put in place towards the end of the financial year ended 31 August 2016 will improve the Academy Trust's performance and liquidity. Accordingly, the Trustees continue to adopt the going concern basis in preparing the Financial Statements.

Income

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

Grants

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the 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

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

Donations

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

**Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)****1 Accounting policies (continued)*****Other income***

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

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

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.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Asset class	Depreciation method and rate
Leasehold Land & Buildings	Straight Line over 125 years and 10 years
ICT Equipment	Straight Line over 3 years
Furniture & Fittings	Straight Line over 5 years
Motor Vehicles	Straight Line over 4 years

Liabilities

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

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Taxation

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

Accordingly, the Academy Trust 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 (continued)

1 Accounting policies (continued)

Pension benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in the notes to the financial statements, 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 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.

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

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

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 x, 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 31/08/2016. 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.



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

2 Donations and capital grants

	Unrestricted funds £	Restricted fixed asset funds £	Total 2016 £	Total 2015 £
Capital grants	-	4,776	4,776	2,668
Other donations	9,250	-	9,250	29,981
	<u>9,250</u>	<u>4,776</u>	<u>14,026</u>	<u>32,649</u>

3 Funding for the Academy Trust's educational operations

	Restricted funds £	Total 2016 £	Total 2015 £
DfE/EFA revenue grants			
General Annual Grant	417,590	417,590	341,000
Rates Relief	5,115	5,115	2,566
Pupil Premium	17,376	17,376	4,948
SEN Funding	124,650	124,650	-
	<u>564,731</u>	<u>564,731</u>	<u>348,514</u>
Other government grants			
Local Authority Commissioned Placements	429,135	429,135	538,001
Pupil Premium - LAC	55,080	55,080	35,655
	<u>484,215</u>	<u>484,215</u>	<u>573,656</u>
Non-government grants and other income			
Placements	371,007	371,007	306,643
Total grants	<u>1,419,953</u>	<u>1,419,953</u>	<u>1,228,813</u>

4 Other trading activities

	Unrestricted funds £	Total 2016 £	Total 2015 £
Catering income	870	870	220
School shop sales	172	172	38
Other income	4,571	4,571	381
	<u>5,613</u>	<u>5,613</u>	<u>639</u>



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

5 Investment income

	Unrestricted funds £	Total 2016 £	Total 2015 £
Interest Received	112	112	120

6 Expenditure

	Non Pay Expenditure			Total 2016 £	Total 2015 £
	Staff costs £	Premises £	Other costs £		
Academy's educational operations					
Direct costs	1,055,616	34,316	98,166	1,188,098	984,494
Allocated support costs	88,789	108,270	191,512	388,571	327,980
	<u>1,144,405</u>	<u>142,586</u>	<u>289,678</u>	<u>1,576,669</u>	<u>1,312,474</u>

Net income/(expenditure) for the year includes:

	2016 £	2015 £
Operating leases - other leases	1,850	-
Fees payable to auditor - audit	3,740	3,740
- other audit services	3,403	3,723
Depreciation	<u>37,608</u>	<u>29,480</u>



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

7 Charitable activities

		Total 2016 £	Total 2015 £
Direct costs - educational operations		1,188,098	984,494
Support costs - educational operations		<u>388,571</u>	<u>327,980</u>
		<u>1,576,669</u>	<u>1,312,474</u>
	Educational operations £	Total 2016 £	Total 2015 £
Analysis of support costs			
Support staff costs	88,789	88,789	79,644
Technology costs	9,565	9,565	7,807
Premises costs	108,270	108,270	118,345
Other support costs	<u>181,947</u>	<u>181,947</u>	<u>122,184</u>
Total support costs	<u>388,571</u>	<u>388,571</u>	<u>327,980</u>

8 Staff

Staff costs

	2016 £	2015 £
Staff costs during the year were:		
Wages and salaries	798,916	685,935
Social security costs	66,781	50,282
Pension costs	<u>175,113</u>	<u>126,121</u>
	1,040,810	862,338
Supply teacher costs	45,140	53,254
Staff restructuring costs	<u>58,455</u>	<u>-</u>
	<u>1,144,405</u>	<u>915,592</u>
		2016 £

Staff restructuring costs comprise:

Redundancy payments	44,955
Severance payments	<u>13,500</u>
	<u>58,455</u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance/redundancy payments totalling £14,518 (2015: £121). Individually, the payments were: £13,585, £85, £101 and £747.



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

8 Staff (continued)

Staff numbers

The average number of persons (including senior management team) employed by the Academy during the year was as follows:

	2016 No	2015 No
Charitable Activities		
Teachers	4	3
Administration & support	26	22
Management	5	3
	<u>35</u>	<u>28</u>

The number of employees whose emoluments fell within the following bands was:

	2016 No	2015 No
£70,001 - £80,000	<u>1</u>	<u>1</u>

Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £310,291 (2015: £141,910).

9 Related party transactions - trustees' remuneration and expenses

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

J Downing (School Business Manager):

Remuneration: £40,000 - £45,000 (2015 - £20,000 - £25,000)

Employer's pension contributions: £15,000 - £20,000 (2015 - £5,000 - £10,000)

C Birkenshaw (Principal):

Remuneration: £75,000 - £80,000 (2015 - £70,000 - £75,000)

Employer's pension contributions: £10,000 - £15,000 (2015 - £5,000 - £10,000)

During the year ended 31 August 2016, travel and subsistence expenses totalling £Nil (2015 - £Nil) were reimbursed or paid directly to 0 trustees (2015 - 0).

Other related party transactions involving the trustees are set out in note 24.

10 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 £2,000,000 on any one claim and the cost for the period ended 31 August 2016 was £603 (2015-£586)

The cost of this insurance is included in the total insurance cost.



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

11 Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 September 2015	3,159,438	4,638	13,167	3,907	3,181,150
Additions	-	25,788	-	-	25,788
At 31 August 2016	<u>3,159,438</u>	<u>30,426</u>	<u>13,167</u>	<u>3,907</u>	<u>3,206,938</u>
Depreciation					
At 1 September 2015	52,539	309	-	1,904	54,752
Charge for the year	27,984	5,030	3,292	1,302	37,608
At 31 August 2016	<u>80,523</u>	<u>5,339</u>	<u>3,292</u>	<u>3,206</u>	<u>92,360</u>
Net book value					
At 31 August 2016	<u>3,078,915</u>	<u>25,087</u>	<u>9,875</u>	<u>701</u>	<u>3,114,578</u>
At 31 August 2015	<u>3,106,899</u>	<u>4,329</u>	<u>13,167</u>	<u>2,003</u>	<u>3,126,398</u>

12 Debtors

	2016 £	2015 £
Trade debtors	137,741	40,290
Prepayments	13,946	26,624
Accrued grant and other income	6,236	2,181
VAT recoverable	6,573	8,983
	<u>164,496</u>	<u>78,078</u>

13 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	220,530	134,031
Other taxation and social security	18,560	14,104
Other creditors	1,138	4,292
Pension scheme creditor	19,656	15,162
Accruals	8,978	17,173
Deferred income	113,100	36,975
	<u>381,962</u>	<u>221,737</u>



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

13 Creditors: amounts falling due within one year (continued)

	2016 £
Deferred income	
Deferred income at 1 September 2015	36,975
Resources deferred in the period	113,100
Amounts released from previous periods	<u>(36,975)</u>
Deferred income at 31 August 2016	<u>113,100</u>

Deferred income relates to placement income for the 2016/17 academic year.

14 Funds

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant	(8,502)	425,978	(522,086)	-	(104,610)
Placements	-	665,678	(665,678)	-	-
Pupil Premium - LAC	-	25,463	(25,463)	-	-
Other Income	-	302,834	(302,834)	-	-
	<u>(8,502)</u>	<u>1,419,953</u>	<u>(1,516,061)</u>	<u>-</u>	<u>(104,610)</u>
Restricted fixed asset funds					
Donated Assets From Local Authority	3,100,181	-	(37,608)	52,005	3,114,578
DfE Capital Grant	-	4,776	-	(4,776)	-
	<u>3,100,181</u>	<u>4,776</u>	<u>(37,608)</u>	<u>47,229</u>	<u>3,114,578</u>
Restricted pension funds					
Pension Scheme Liability	<u>(904,000)</u>	<u>-</u>	<u>(23,000)</u>	<u>(205,000)</u>	<u>(1,132,000)</u>
Total restricted funds	2,187,679	1,424,729	(1,576,669)	(157,771)	1,877,968
Unrestricted funds					
Unrestricted general funds	-	14,975	-	(47,229)	(32,254)
Total funds	<u>2,187,679</u>	<u>1,439,704</u>	<u>(1,576,669)</u>	<u>(205,000)</u>	<u>1,845,714</u>



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

14 Funds (continued)

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

General Annual Grant (GAG) must be used for the normal running costs of the Academy.

Pupil Premium Grant may be spent for the educational benefit of pupils registered at that school, or for the benefit of pupils registered at other schools; and on community facilities i.e. services whose provision furthers any charitable purpose for the benefit of pupils at the school or their families, or people who live or work in the locality in which the school is situated. The grant does not have to be completely spent by schools in the financial year, this is included within other DfE grants.

Building Capacity Grant must be used for the purpose of funding the position of a business manager within the academy.

Devolved capital either allocated direct by the DfE or transferred on conversion from the local authority must be spent on capital purposes.

15 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	3,114,578	3,114,578
Current assets	-	245,098	-	245,098
Current liabilities	(32,254)	(349,708)	-	(381,962)
Pension scheme liability	-	(1,132,000)	-	(1,132,000)
Total net assets	<u>(32,254)</u>	<u>(1,236,610)</u>	<u>3,114,578</u>	<u>1,845,714</u>

16 Commitments under operating leases

Operating leases

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

	2016 £
Within one year	<u>1,850</u>



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

17 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

	2016 £	2015 £
Net expenditure	(136,965)	(50,253)
Depreciation	37,608	29,480
Donated capital and capital grants	(4,776)	(2,668)
Interest receivable	(112)	(120)
FRS 102 net interest on defined benefit pension scheme	33,000	32,000
FRS 102 cost less contributions payable on defined benefit pension scheme	(10,000)	(21,000)
Increase in debtors	(86,418)	(52,308)
Increase in creditors	160,224	138,115
Net cash (outflow)/inflow from operating activities	<u>(7,439)</u>	<u>73,246</u>

18 Cash flows from financing activities

	2016 £	2015 £
Investments	<u>112</u>	<u>120</u>
Net cash provided by financing activities	<u>112</u>	<u>120</u>

19 Cash flows from investing activities

	2013 £	2015 £
Purchase of tangible fixed assets	(25,788)	(28,884)
Capital grants from DfE	<u>4,776</u>	<u>2,668</u>
Net cash outflow from capital expenditure and financial investment	<u>(21,012)</u>	<u>(26,216)</u>

20 Analysis of cash and cash equivalents

	At 31 August 2016 £	At 31 August 2015 £
Cash at bank and in hand	<u>80,602</u>	<u>108,941</u>
Total cash and cash equivalents	<u>80,602</u>	<u>108,941</u>



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

21 Contingent liabilities

During the period of the funding agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the funding agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by the reference to:

- a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy, and
- b) the extent to which expenditure incurred in providing those assets was met by payments from the Secretary of State under the funding agreement.

22 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.

23 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £19,656 (2015 - £15,162) were payable to the schemes at 31 August and are included within creditors.

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.



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

23 Pension and similar obligations (continued)

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.

The pension costs paid to TPS in the period amounted to £51,810 (2015: £53,215).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £129,000 (2015 - £132,000), of which employer's contributions totalled £114,000 (2015 - £113,000) and employees' contributions totalled £15,000 (2015 - £19,000). The agreed contribution rates for future years are 33.6 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

	At 31 August 2016 %	At 31 August 2015 %
Rate of increase in salaries	2.30	4.00
Rate of increase for pensions in payment/inflation	2.10	2.60
Discount rate for scheme liabilities	2.00	3.70

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	+ 0.5%	0.0%	- 0.5%
Adjustment to discount rate	£	£	£
Present value of total obligation	-	-	205,000
Adjustment to rate of salary growth	£	£	£
Present value of total obligation	49,000	-	-
Adjustment to mortality age rating assumption	£	None	- 1 Year
Present value of total obligation	63,000	-	-



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

23 Pension and similar obligations (continued)

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

	At 31 August 2016	At 31 August 2015
Retiring today		
Males retiring today	21.90	21.90
Females retiring today	24.10	24.10
Retiring in 20 years		
Males retiring in 20 years	24.20	24.20
Females retiring in 20 years	<u>26.70</u>	<u>26.70</u>

The actual return on scheme assets was £139,000 (2015 - £4,000).

The Academy Trust's share of the assets and liabilities in the scheme were:

	At 31 August 2016 £	At 31 August 2015 £
Equities	726,000	524,000
Other bonds	106,000	70,000
Property	106,000	77,000
Cash	<u>29,000</u>	<u>28,000</u>
Total market value of assets	967,000	699,000
Present value of scheme liabilities - funded	<u>(2,099,000)</u>	<u>(1,603,000)</u>
Deficit in the scheme	<u>(1,132,000)</u>	<u>(904,000)</u>



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

23 Pension and similar obligations (continued)**Amounts recognised in the statement of financial activities**

	2016 £	2015 £
Current service cost (net of employer contributions)	(10,000)	(21,000)
Net interest cost	33,000	32,000
Total operating charge	23,000	11,000

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

	2016 £	2015 £
At 1 September	1,603,000	1,430,000
Past service cost	33,000	-
Current service cost	71,000	92,000
Interest cost	61,000	55,000
Employee contributions	15,000	19,000
Actuarial losses	316,000	7,000
At 31 August	2,099,000	1,603,000

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

	2016 £	2015 £
At 1 September	699,000	563,000
Interest income	28,000	23,000
Actuarial gains/(losses)	111,000	(19,000)
Employer contributions	114,000	113,000
Employee contributions	15,000	19,000
At 31 August	967,000	699,000

24 Related party transactions

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

During the year the academy made the following related party transactions:

C Ideson-Bowen

(governor of Ashwell Academy)

Mrs C Ideson-Bowen provided services for preparing funding applications for students during the year. The total of the services provided was £2,000 (2015: £2,000). At the balance sheet date the amount due to C Ideson-Bowen was £Nil (2015 - £Nil).



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

25 Transition to FRS 102

First time adoption of FRS 102

These financial statements are the first financial statements of Ashwell Academy 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 Ashwell Academy for the year ended 31/08/2015 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.

Explanation of transition to 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 31/08/2015 and the date of transition to FRS 102 and SORP 2015 was therefore 01/09/2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliation of net income/(expenditure)

	Note	Amount £
Net income/(expenditure) previously reported under UK GAAP		(37,253)
Change in recognition of LGPS interest cost		<u>(13,000)</u>
Net movement in funds reported under FRS 102		<u><u>(50,253)</u></u>

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expenses. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenses. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the debit to expense by £13,000 and decrease the debit in other recognised gains and losses in the SOFA by an equivalent amount.