

REGISTERED COMPANY NUMBER: 07660995 (England and Wales)

**HENLEY-IN-ARDEN SCHOOL
TRUSTEES' REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 AUGUST 2016**

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for the Year Ended 31 August 2016**

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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016**

MEMBERS

Mr R Bonsall (Chair of Trustees)
 Mrs S Westmacott (Vice Chair)
 Dr K Williams (resigned 23.6.16)
 Mr A Gennard (resigned 17.9.15)
 Mrs L Nicholson (resigned 4.3.16)
 Mme M Pierre
 Mrs J E Lynes-Doherty (resigned 10.5.16)
 Mr S A Jefferies
 Mr N D Bacon
 Mr C R Howe
 Mrs K Ellis
 Mr J N Harrison (resigned 12.10.16)
 Mrs L V Dale-Barron
 Mr R A Ford (appointed 7.7.16)
 Miss M O Hawkins (appointed 7.7.16)
 Mr S Macdonald (appointed 13.9.16)

TRUSTEES

Mr R Bonsall (Chair of Trustees)
 Mrs S Westmacott (Vice Chair)
 Dr K Williams (resigned 23.6.16)
 Mr A Gennard (resigned 17.9.15)
 Mrs L Nicholson (resigned 4.3.16)
 Mme M Pierre
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 Mr J N Harrison (resigned 12.10.16)
 Mrs L V Dale-Barron
 Mr R A Ford (appointed 7.7.16)
 Miss M O Hawkins (appointed 7.7.16)
 Mr S Macdonald (appointed 13.9.16)

COMPANY SECRETARY

Mr I S C Paterson

REGISTERED OFFICE

Henley-in-Arden School
 Stratford Road
 Henley-in-Arden
 Warwickshire
 B95 6AF

REGISTERED COMPANY NUMBER

07660995 (England and Wales)

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016**

AUDITORS

Cooper Adams Ltd
Chartered Accountants
and Statutory Auditors
12 Payton Street
Stratford upon Avon
Warwickshire
CV37 6UA

SENIOR MANAGEMENT TEAM

Mr S Jefferies (Headteacher)
Mr M McCulley (Deputy Headteacher)
Mr S Butt (Assistant Headteacher)
Mrs A Nash (Assistant Headteacher)
Mrs N Thompson (Acting Assistant Headteacher)
Mrs A Alsop (School Business Manager)

TRUSTEES' REPORT for the Year Ended 31 August 2016

The trustees who are also directors of the academy for the purposes of the Companies Act 2006, present their report with the financial statements of the academy for the year ended 31 August 2016. The trustees have adopted the provisions of 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) (effective 1 January 2015) and the Academies Accounts Direction issued by the Education Funding Agency.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The Academy's main objectives are encompassed in its mission statement in which Henley-in-Arden School aims for all its stakeholders to achieve excellence together.

Objectives, strategies and activities

The main objectives for the period were stated in the 2015-2016 School Development Plan. This is summarised below. Considerably more detail is available on request from the school.

Achievement:

- Meet FFT performance indicators for current year 11 (FFT now on SISRA)
- Improve progress and close gap in data of focus groups, low ability, middle ability, gender and PP
- Clear documented assessment systems at KS3
- KS3 reporting system to be improved
- Progress in English and Maths

Personal Development, Behaviour and Welfare:

- Raise pupil aspirations and thus motivation, especially that of boys
- Recognition of achievement and effort to be awarded half termly by departments to increase motivation of learners (display high quality work) and demonstrate examples of excellence
- To improve attendance and punctuality across the whole school
- Promote positive behaviour and conduct in lessons and around school
- To continue to ensure pupils keep safe, healthy and develop as citizens in British society

Teaching and Learning:

- Develop a reflective practice that evaluates the impact of different pedagogical approaches in engaging and motivating pupils, especially boys, HA and MA
- To ensure that differentiation is more visible and new schemes of work are planned with differentiation opportunities in place
- Use AFL and Growth Mindset practices to ensure progress and engagement, especially amongst boys
- To ensure that literacy initiatives and whole school initiatives are developed and embedded
- To ensure that progress of middle ability and high ability pupils matches national averages

Leadership and Management:

- Ensure school vision for excellence is shared by all school
- Continue to reduce PP gap (5A*CEM, CAPS, VA) by end of the year Appoint a Deputy Headteacher
- Staff Performance management to focus on teacher standards as much as on objectives
- Profile of SLT, and their impact on standards of teaching and learning needs to be enhanced
- Develop middle leadership by ensuring greater rigour in QA processes carried out by HoFs
- Create a deeper understanding of the effectiveness of the Support functions
- Work to achieve higher margin and greater levels of spend on catering in order to generate a surplus to self-fund improvements in the canteen
- Ensure that the infrastructure of the school is as good as it can be within the restrictions of timebudget
- Work to clarify the roles of the admin and finance teams and encourage the effective use of technology where applicable to streamline activities

TRUSTEES' REPORT
for the Year Ended 31 August 2016

OBJECTIVES AND ACTIVITIES

Public benefit

In setting the objectives, trustees have given consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary guidance on education.

The Academy's objective is to advance for the public benefit education in the United Kingdom, in particular and without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

STRATEGIC REPORT

Achievement and performance

The following table summarises achievements and performance.

	2013/14	2014/15	2015/16
Cohort	123	147	108
Average Total Points	370.28	379.95	415.7
Average Total Capped8	322.37	323.62	338.06
Average Total Capped8 inc EM	321.59	322.68	337.84
Average Total Capped8 +EM	402.15	403.21	422.49
Average Total Capped8 GCSE Only	302.34	305.89	330.78
Average Grade Per Student	C	C	C+
Average Points Per Grade Per Student	40.84	40.05	41.00
Average Grade Per Student (Capped at Best 8)	C	C	C+
Average Points Per Grade Per Student (Capped at Best 8)	40.30	40.45	42.26
Average Core KS2 Level Per Student	4a	4a	4a
Average Core KS2 APS per Student	28.79	28.47	28.12
Average Core KS2 Levels of Progress per Eligible Student	2.81	2.83	3.13
Students with at least 1 qualification %	99.2	100	100
Basics Level 2 (A*-C in Eng & Mat) %	62.6	53.1	61.1
Average Total Attainment 8	50.11	50.73	53.48
Average Attainment 8 Grade	5.01	5.07	5.35
Average Estimated Attainment 8	52.04	50.76	52.36
Average Total Progress 8	-0.17	0.01	0.08
Progress 8 Upper Confidence Limit	0.03	0.19	0.29
Progress 8 Lower Confidence Limit	-0.37	-0.17	-0.13
Pupils Included (Progress 8 Coverage) %	95.9	93.2	96.3
Students with 5 x A*-C	66.7	65.3	71.3
Students with 5 x A*-C GCSE ONLY %	63.4	59.9	67.6
Students with 5 x A*-C inc English & Maths %	59.3	52.4	59.3
Students with 5 x A*-C inc English & Maths GCSE ONLY %	57.7	50.3	59.3
Students with 5 x A*-C inc English, Maths & Science %	57.7	51	59.3
Students with 5 x A*-C inc Science %	61.8	62.6	70.4
Students Entered For the E-BACC %	31.7	40.1	50.9
Students in COHORT Achieving the E-BACC %	28.5	23.1	35.2
Students making 3+ LOP in English %	80	62	71.7
Students making 4+ LOP in English %	31.7	15.5	38.7
Pupils included in English progress measure %	97.6	96.6	98.1
Students making 3+ LOP in Maths %	52.5	66.4	71.4
Students making 4+ LOP in Maths %	16.9	25.5	38.1
Pupils included in Maths progress measure %	95.9	93.2	97.2
Capped8 +EM VA Score	987.11	988.86	1011.41
Capped8 +EM Upper Confidence Limit	1000.26	1001.30	1025.69
Capped8 +EM Lower Confidence Limit	973.95	976.42	997.14
Capped8 +EM Pupils Included (Coverage)	96.7	93.2	96.3

TRUSTEES' REPORT for the Year Ended 31 August 2016

STRATEGIC REPORT

Financial review

Principal funding sources

The majority of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA in this period and the associated expenditure are shown as restricted funds in the statement of financial activities.

Investment policy and objectives

In a period of financial uncertainty and low interest rates, the Academy's policy generally, has been to maximise liquidity and minimise risk. When additional funds have been given to the Academy for specific projects, these have been invested in low risk short term bank deposits.

Reserves policy

The level of reserves held takes into account the nature of the income and expenditure streams, the need to match them with commitments, including future capital projects and the nature of reserves. The trustees will keep the level of reserves under review.

Going concern

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

Principal risks and uncertainties

Following a review of the Risk Management Policy, the trustees consider that the principal risks and uncertainties facing the Academy are:

- Financial risk resulting from the Academy not operating within its budget;
- Changes in Government Policy impacting on funding;
- Loss of information systems and data which may result in the loss of financial data;
- Loss of, or damage to, Academy assets due to unforeseen circumstances;
- Inability to appoint appropriately qualified and experienced teaching staff;
- Building maintenance plans are not robust, or not fully costed, resulting in additional expenditure.

To minimise the risks we have developed a Risk Management Action Plan in which each of the risks identified has been examined in more detail and a set of actions/controls are in place to mitigate those risks.

Financial and risk management objectives and policies

The Academy has a robust Finance Policy which enables it to minimise the risk of financial problems impacting on the smooth running of the school.

The Policy covers the following areas:

1. The roles of trustees / headteacher.
2. The management of unrestricted funds.
3. The processes involved in academy financial planning.
4. The processes involved in budget monitoring.
5. Purchasing.
6. Financial controls.
7. Income.
8. Banking.
9. Payroll.
10. Petty cash.
11. Tax.
12. Assets and security.
13. Insurance.
14. Data security.

TRUSTEES' REPORT
for the Year Ended 31 August 2016

STRATEGIC REPORT

Future plans

The main objectives for the next academic year are stated in the School Development Plan 2016-2017. A summary of the key areas is shown below.

Key Priorities:

- Excellence from every pupil: develop intellectual curiosity through the Big Question and dialogue marking
- Excellence for every pupil: focus on key pupil groups
- Excellence in every lesson: promoting literacy

Teaching Learning and Assessment:

- Develop independence and intellectual curiosity in students by consolidating and embedding the consistent use of the Big Question and other initiatives
- Use of dialogue marking, DIRT time, and other aspects of marking policy are consistently outstanding
- Introduce intervention folders to focus teachers' attention on all students' progress against targets and in particular the progress of specific groups (PP, SEN, LAC, CuP, G&T, Gender and subject-specific target groups)
- Memorability and active revision skills
- Ensure that progress in English language and English literature is in line with, or better than national progress 8 figures (see also Outcomes)
- Ensure the profile of literacy across the curriculum is promoted and embedded across all areas of the school curriculum
- Enhance profile and impact of pupil voice

Leadership and Management:

- Curriculum improvement: introduction of PSHCE and RE programme and associated assembly programme
- Ensure a universal commitment to improving teaching learning and assessment
- Review of homework policy and communication of homework tasks
- Introduction of a more precise performance management process sharply focused on need
- Pupil specific communication with parents

Business and Operations

- Continue drive for increased efficiencies with regard to school budget

Outcomes:

- Headline performance measures (P8=0.35)
- Improve progress in English
- Improve progress made by HA and G&T pupils
- Further reduce the gap between disadvantaged pupils and all pupils
- Improve conversion rates for MA pupils

Personal Development, Behaviour and Welfare:

- Ensure universally outstanding behaviour out of lessons and outstanding attitudes to learning in lessons
- Improve whole school attendance
- Embed the new pastoral structure and ensure pastoral managers are appropriately trained to succeed in the role
- Improvements to school infrastructure to ensure that all pupils feel welcome throughout the school site

TRUSTEES' REPORT
for the Year Ended 31 August 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy 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.

The trustees of Henley-in-Arden School are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Henley-in-Arden School.

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

Trustees' Indemnities

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.

Method of recruitment and appointment or election of trustees

The Governing Body consists of members. The members may appoint up to seven trustees. The members may appoint staff trustees through such a process as they may determine, usually by secret ballot, provided that the total number of trustees who are employees of the Academy does not exceed the lesser of four in number and one third of the total number of trustees. The Headteacher shall be treated as an ex-officio trustee. There will be a minimum of two and a maximum of four parent trustees. At present there are two parent trustees. They are elected by parents of registered students at the Academy in a secret ballot. The members may appoint up to three co-opted trustees. At present there is one co-opted governor.

Organisational structure

As specified in the Articles of Association the business of the Academy is managed by the trustees who exercise all the powers of the Academy. In exercising their responsibilities, trustees consider the advice given by the Headteacher and other executive officers.

A unified leadership structure operates to help improve the effectiveness of the Academy. The structure consists of the trustees and the senior leadership team. The aim of the management structure is to devolve responsibility and encourage decision making at all levels.

The trustees are responsible for the strategic development of the Academy, adopting an annual School Integrated Development Plan and Financial Budget. In addition, they are responsible for Health and Safety, Capital Expenditure, the maintenance of the site and senior staff appointments.

To ensure an efficient and effective committee structure with the Academy's School Integrated Development Plan at its core, there are trustee committees responsible for Performance and Standards, Safety and Premises and Finance.

The senior leadership team comprises of the Headteacher, one deputy Headteacher and two Assistant Headteachers, and the School Business Manager. These leaders direct the Academy at an executive level implementing the policies laid down by the trustees and reporting back to them. The senior managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, through interview panels that always contain a trustee.

Heads of Subject are responsible for the day to day operation of the curriculum and accordingly organise their teaching staff, capitation resources, facilities and students.

TRUSTEES' REPORT
for the Year Ended 31 August 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT

Policies and procedures adopted for the induction and training of trustees

An Induction Pack is given to all newly appointed trustees. The Induction Pack outlines their role as a trustee and gives some information about the school and the Governing Body (organisational structures; the work of the committees and a meeting framework). The induction of trustees is managed by the chair of trustees and the trustee responsible for training. Trustees are encouraged to identify their training needs which the Academy endeavours to meet either through bespoke or generic training.

Key management remuneration

The pay of key management personnel (other than the Headteacher) is determined as part of the academy's normal Performance Management process. The Headteacher uses performance information and other factors to form a view as to whether specific objectives have, or have not, been met. The Headteacher makes pay recommendations to the governors pay committee.

The Headteacher's pay is determined by a committee comprising the chairs of each sub-committee and the overall chair of Governors. This committee also reviews and sets the Headteacher's Performance Management objectives. The committee is advised by an external consultant appointed by the committee.

Connected organisations, including related party relationships

As part of its operation the Academy liaises with organisations such as the Local Authority, The South Warwickshire Education Partnership, The National College for School Leadership, The Specialist Schools and Academies Trust as well as with other education providers and trainers such as local schools, further education institutions and universities. These links are maintained in the interest of supporting good practice, information sharing and the consolidation of mutually supportive associations.

FUNDS HELD AS CUSTODIAN FOR OTHERS

The Academy holds no funds on behalf of others as a Custodian Trustee.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the academy's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the academy's auditors are aware of that information.

AUDITORS

The auditors, Cooper Adams Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 1 December 2016 and signed on the board's behalf by:

Mr R Bonsall - Chair of Trustees

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Henley-in-Arden 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 Henley-in-Arden School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees Responsibilities. The board of trustees has formally met 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 R Bonsall (Chair of Trustees)	5	5
Mrs S Westmacott (Vice Chair)	3	5
Dr K Williams (resigned 23.6.16)	4	5
Mr A Gennard (resigned 17.9.15)	1	1
Mrs L Nicholson (resigned 4.3.16)	3	3
Mme M Pierre	5	5
Mrs J Lynes-Doherty (resigned 10.5.16)	2	4
Mr S Jefferies	5	5
Mr N Bacon	5	5
Mr C Howe	5	5
Mrs K Ellis	4	5
Mr J Harrison (resigned 12.10.16)	5	5
Mrs L Dale-Barron	4	5
Mr R A Ford (appointed 7.7.16)	1	1
Miss M O Hawkins (appointed 7.7.16)	1	1
Mr S Macdonald (appointed 13.9.16)	0	0

There are three sub-committees:

- i. Performance & Standards Committee
- ii. Premises & Safety Committee
- iii. Finance Committee

The Performance and Standards Committee manages all aspects of school performance, and the production of key schools documents.

The Premises and Safety Committee focuses on three key areas; health and safety, safeguarding and the maintenance of the school building and any capital projects.

The Finance Committee is responsible for setting and monitoring the school budget, and for overseeing the auditing process to ensure that the Academy is compliant in its statutory duties.

Review of Value for Money

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

The accounting officer considers how the 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 accounting officer for the academy trust has delivered improved value for money during the year by:

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016

Review of Value for Money

- Restructuring of the curriculum offer at KS4 and subsequent staffing restructures and redundancies have reduced excess staffing leading to salary cost savings;
- Restructuring of the pastoral support team has led to the more efficient use of human resources and the removal of two middle-leadership posts;
- The completion of a major refurbishment to windows, roofs, and doors has improved the efficiency of the building.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Henley-in-Arden School for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy's significant risks that has been in place for the period 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 by the Governing Body;
- Regular reviews by the Finance Committee of reports which indicate financial performance against forecasts and of major purchase plans, capital works and expenditure programmes including the School Integrated Development Plan;
- Setting budgets and targets to measure financial and other performance;
- Clearly defined purchasing guidelines;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

Review of Effectiveness

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

- The work of the external auditor
- The work of the senior managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has reviewed the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

**GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016**

Approved by order of the members of the board of trustees on 1 December 2016 and signed on its behalf by:

Mr R Bonsall - Chair of Trustees

Mr S Jefferies - Accounting Officer

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
for the Year Ended 31 August 2016**

As accounting officer of Henley-in-Arden School I have considered my responsibility to notify the academy 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 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 board of trustees are able to identify any material irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook 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 S Jefferies - Accounting Officer

1 December 2016

**STATEMENT OF TRUSTEES RESPONSIBILITIES
for the Year Ended 31 August 2016**

The trustees (who act as governors of Henley-in-Arden School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the 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 academy and of the incoming resources and application of resources, including the income and expenditure, of the academy for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the academy's transactions and disclose with reasonable accuracy at any time the financial position of the academy and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the academy 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 academy 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.

Approved by order of the members of the board of trustees on 1 December 2016 and signed on its behalf by:

Mr R Bonsall - Chair of Trustees

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HENLEY-IN-ARDEN SCHOOL

We have audited the financial statements of Henley-in-Arden School for the year ended 31 August 2016 on pages seventeen to thirty six. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2015 to 2016 issued by the Education Funding Agency (EFA).

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

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page thirteen, 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 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 academy'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 Trustees' 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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy'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 Charities SORP 2015 and Academies Accounts Direction 2015 to 2016.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' 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:

- 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.

David Cooper FCA (Senior Statutory Auditor)
for and on behalf of Cooper Adams Ltd
Chartered Accountants
and Statutory Auditors
12 Payton Street
Stratford upon Avon
Warwickshire
CV37 6UA

1 December 2016

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HENLEY-IN-ARDEN SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement 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 Henley-in-Arden School 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 Henley-in-Arden School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Henley-in-Arden 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 Henley-in-Arden School and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Henley-in-Arden School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Henley-in-Arden School's funding agreement with the Secretary of State for Education 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 period 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.

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 period 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.

Cooper Adams Ltd
Chartered Accountants
12 Payton Street
Stratford upon Avon
Warwickshire
CV37 6UA

1 December 2016

STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 August 2016

					2016	2015
	Notes	Unrestricted fund £'000	Restricted fixed asset fund £'000	Restricted general fund £'000	Total funds £'000	Total funds £'000
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	3	9	-	103	112	606
Charitable activities						
Funding for the academy's educational operations	4	-	-	3,176	3,176	3,040
Other trading activities	5	197	-	-	197	58
Investment income	6	1	-	-	1	1
Other income		25	-	177	202	211
Total		<u>232</u>	<u>-</u>	<u>3,456</u>	<u>3,688</u>	<u>3,916</u>
EXPENDITURE ON						
Raising funds		21	-	162	183	226
Charitable activities						
Academy's educational operations		<u>146</u>	<u>257</u>	<u>3,821</u>	<u>4,224</u>	<u>3,351</u>
Total	7	<u>167</u>	<u>257</u>	<u>3,983</u>	<u>4,407</u>	<u>3,577</u>
NET INCOME/(EXPENDITURE)						
		65	(257)	(527)	(719)	339
Transfers between funds	21	<u>14</u>	<u>27</u>	<u>(41)</u>	<u>-</u>	<u>-</u>
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit schemes		<u>-</u>	<u>-</u>	<u>(388)</u>	<u>(388)</u>	<u>18</u>
Net movement in funds		79	(230)	(956)	(1,107)	357
RECONCILIATION OF FUNDS						
Total funds brought forward		48	9,727	13	9,788	9,431
TOTAL FUNDS CARRIED FORWARD		<u>127</u>	<u>9,497</u>	<u>(943)</u>	<u>8,681</u>	<u>9,788</u>

The notes form part of these financial statements

BALANCE SHEET
At 31 August 2016

	Notes	2016 £'000	2015 £'000
FIXED ASSETS			
Tangible assets	13	9,518	9,727
CURRENT ASSETS			
Debtors	14	86	110
Cash at bank		455	921
		<u>541</u>	<u>1,031</u>
CREDITORS			
Amounts falling due within one year	15	(258)	(315)
		<u>283</u>	<u>716</u>
NET CURRENT ASSETS			
		<u>283</u>	<u>716</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,801	10,443
CREDITORS			
Amounts falling due after more than one year	16	(21)	(9)
PENSION LIABILITY	22	(1,099)	(646)
		<u>8,681</u>	<u>9,788</u>
NET ASSETS		<u>8,681</u>	<u>9,788</u>
FUNDS	21		
Unrestricted funds:			
Unrestricted fund		127	48
Restricted funds:			
Restricted general fund		156	659
Restricted pension fund		(1,099)	(646)
Restricted fixed asset fund		9,497	9,727
		<u>8,554</u>	<u>9,740</u>
TOTAL FUNDS		<u>8,681</u>	<u>9,788</u>

The financial statements were approved by the Board of Trustees on 1 December 2016 and were signed on its behalf by:

Mr R Bonsall -Chair of Trustees

The notes form part of these financial statements

CASH FLOW STATEMENT
for the Year Ended 31 August 2016

	Notes	2016 £'000	2015 £'000
Cash flows from operating activities:			
Cash generated from operations	1	(537)	101
Net cash provided by (used in) operating activities		<u>(537)</u>	<u>101</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(48)	(33)
Capital grants from DfE/EFA		103	595
Interest received		1	1
Net cash provided by (used in) investing activities		<u>56</u>	<u>563</u>
Cash flows from financing activities:			
New loans in year		15	11
Net cash provided by (used in) financing activities		<u>15</u>	<u>11</u>
		<u> </u>	<u> </u>
Change in cash and cash equivalents in the reporting period		(466)	675
Cash and cash equivalents at the beginning of the reporting period		921	246
Cash and cash equivalents at the end of the reporting period		<u>455</u>	<u>921</u>

**NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 August 2016**

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £'000	2015 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(719)	339
Adjustments for:		
Depreciation	257	255
Capital grants from DfE/EFA	(103)	(595)
Loss on disposal of fixed assets	-	5
Interest received	(1)	(1)
FRS 17 pension finance cost	-	23
FRS 17 pension cost less contributions	-	39
Decrease/(increase) in debtors	24	(33)
(Decrease)/increase in creditors	(60)	69
Difference between pension charge and cash contributions	65	-
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	(537)	101
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the Financial Statements
for the Year Ended 31 August 2016****1. ACCOUNTING POLICIES****Basis of preparing the financial statements**

The financial statements of the academy, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Henley-in-Arden School meets the definition of a public benefit entity under FRS 102.

First time adoption of FRS 102

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

Going concern

These financial statements have been prepared on a going concern basis, which the trustees consider to be appropriate as a result of projections prepared, which indicate the Academy will be able to operate within the facilities currently available.

Income

All income is recognised in the Statement of Financial Activities once the academy has entitlement to the funds, it is probable that the income will be received 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.

Donations

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Other income

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 August 2016

1. ACCOUNTING POLICIES - continued

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the academy to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Charitable activities

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

Governance costs

These include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

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'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 on a straight-line/reducing balance basis over their expected useful lives, as follows:

Long leasehold buildings	- 2% on a straight line basis
Property improvements	- 10% on a straight line basis
Fixtures, fittings and equipment	- 20% on a reducing balance basis
ICT equipment	- 33% on a straight line basis

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.

Long leasehold buildings

The Academy has a 125 year lease for the property it operates from. The lease terms and conditions have been considered by the Governors and they have concluded that the risk and rewards of ownership have transferred to the Academy. Therefore a long leasehold buildings asset has been recognised within fixed assets and depreciated in line with the accounting policy. The long leasehold buildings have been included in the financial statements at a valuation carried out on 10 December 2012.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 August 2016

1. ACCOUNTING POLICIES - continued

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.

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 Education Funding Agency, sponsors and other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency and the Academy's share of the surplus / (deficit) on the Local Government Pension Scheme.

Pension benefits

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 quinquennial valuations using a prospective benefit method. As stated in Note 23, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2016.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 August 2016

3. DONATIONS AND CAPITAL GRANTS

	2016 £'000	2015 £'000
Donations	9	11
Capital grants	103	595
	<u>112</u>	<u>606</u>

4. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
DfE / EFA grants				
General Annual Grant (GAG)	-	2,965	2,965	2,870
Other DfE / EFA grants	-	114	114	99
Other government grants				
SEN from local authority	-	78	78	58
Behaviour partnership grant	-	13	13	13
Skills for employment grant	-	6	6	-
	<u>-</u>	<u>3,176</u>	<u>3,176</u>	<u>3,040</u>

5. OTHER TRADING ACTIVITIES

	2016 £'000	2015 £'000
Other income	18	23
Hire of facilities	15	13
Catering income	164	22
	<u>197</u>	<u>58</u>

6. INVESTMENT INCOME

	2016 £'000	2015 £'000
Bank interest	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 August 2016

7. EXPENDITURE

		Non-pay expenditure		2016	2015
	Staff costs	Premises	Other costs	Total	Total
	£'000	£'000	£'000	£'000	£'000
Raising funds					
Costs incurred by trading for a fundraising purpose	-	-	-	-	21
Costs of other income resources	-	-	183	183	205
Charitable activities					
Academies educational operations					
Direct costs	2,184	-	275	2,459	2,335
Allocated support costs	402	872	491	1,765	1,016
	<u>2,586</u>	<u>872</u>	<u>949</u>	<u>4,407</u>	<u>3,577</u>

Net income/ (expenditure) for the year includes:	2016	2015
	£'000	£'000
Operating lease rentals	18	17
Depreciation	257	255
Fees payable to auditor for:		
- audit	4	4
- other services	5	6

8. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	2016 Total funds	2015 Total funds
	£'000	£'000	£'000	£'000
Direct costs	-	2,459	2,459	2,335
Support costs	146	1,619	1,765	1,016
	<u>146</u>	<u>4,078</u>	<u>4,224</u>	<u>3,351</u>

	2016 Total	2015 Total
	£'000	£'000
Analysis of support costs		
Support staff costs	402	300
Depreciation	257	260
ICT	37	52
Premises costs	872	261
Other support costs	182	121
Governance costs	15	22
Total support costs	<u>1,765</u>	<u>1,016</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 August 2016

9. TRUSTEES' REMUNERATION AND BENEFITS

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration, other benefits, was as follows:

S Jefferies (principle and trustee):

Remuneration £70,000 - £75,000 (2015: £65,000 - £70,000)
 Employer's pension contributions £10,000 - £15,000 (2015: £5,000 - £10,000)
 Expenses reimbursed: £118 (2015: £41)

M Pierre (staff trustee)

Remuneration £40,000 - £45,000 (2015: £40,000 - £45,000)
 Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000)
 Expenses reimbursed: £658 (2015: £43)

K Ellis (staff trustee)

Remuneration £25,000 - £30,000 (2015: £20,000 - £25,000)
 Employer's pension contributions £0 - £5,000 (2015: £0 - £5,000)
 Expenses reimbursed: £221 (2015: £236)

Trustees' expenses

During the year ended 31 August 2016, expenses totalling £997 (2015: £320) were reimbursed or paid directly to 3 trustees (2015: 3 trustees).

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 August 2016

10. STAFF COSTS

	2016	2015
	£'000	£'000
Wages and salaries	2,014	1,950
Social security costs	151	118
Other pension costs	320	266
	<u>2,485</u>	<u>2,334</u>
Supply teacher costs	101	69
	<u>2,586</u>	<u>2,403</u>

Included within wages and salaries are:

	2016	2015
	£'000	£'000
Redundancy payments	13	-
Severance payments	3	11
	<u>16</u>	<u>11</u>

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

	2016	2015
Teachers	31	33
Administration and support	22	20
Management	5	5
	<u>58</u>	<u>58</u>

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

	2016	2015
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
	<u>1</u>	<u>1</u>

The above employees participated in the Teachers Pension Scheme.

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 £318,000 (2015: £254,000).

11. TRUSTEES' AND OFFICERS' INSURANCE

The academy has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 August 2016

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £'000	Restricted fixed asset fund £'000	Restricted general fund £'000	Total funds £'000
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	11	-	595	606
Charitable activities				
Funding for the academy's educational operations	-	-	3,040	3,040
Other trading activities	58	-	-	58
Investment income	1	-	-	1
Other income	26	-	185	211
Total	<u>96</u>	<u>-</u>	<u>3,820</u>	<u>3,916</u>
EXPENDITURE ON				
Raising funds	43	-	183	226
Charitable activities				
Academy's educational operations	41	260	3,050	3,351
Total	<u>84</u>	<u>260</u>	<u>3,233</u>	<u>3,577</u>
NET INCOME/(EXPENDITURE)	<u>12</u>	<u>(260)</u>	<u>587</u>	<u>339</u>
Transfers between funds	<u>-</u>	<u>43</u>	<u>(43)</u>	<u>-</u>
Other recognised gains/(losses)				
Actuarial gains/(losses) on defined benefit schemes	-	-	18	18
Net movement in funds	<u>12</u>	<u>(217)</u>	<u>562</u>	<u>357</u>
RECONCILIATION OF FUNDS				
Total funds brought forward	<u>36</u>	<u>9,944</u>	<u>(549)</u>	<u>9,431</u>
TOTAL FUNDS CARRIED FORWARD	<u><u>48</u></u>	<u><u>9,727</u></u>	<u><u>13</u></u>	<u><u>9,788</u></u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 August 2016

13. TANGIBLE FIXED ASSETS

	Leasehold property £'000	Improvements to property £'000	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST					
At 1 September 2015	10,462	21	44	256	10,783
Additions	-	-	18	30	48
At 31 August 2016	<u>10,462</u>	<u>21</u>	<u>62</u>	<u>286</u>	<u>10,831</u>
DEPRECIATION					
At 1 September 2015	850	4	26	176	1,056
Charge for year	210	3	7	37	257
At 31 August 2016	<u>1,060</u>	<u>7</u>	<u>33</u>	<u>213</u>	<u>1,313</u>
NET BOOK VALUE					
At 31 August 2016	<u>9,402</u>	<u>14</u>	<u>29</u>	<u>73</u>	<u>9,518</u>
At 31 August 2015	<u>9,612</u>	<u>17</u>	<u>18</u>	<u>80</u>	<u>9,727</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Trade debtors	6	11
Other debtors	47	53
Prepayments	33	46
	<u>86</u>	<u>110</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Other loans (see note 17)	5	2
Trade creditors	113	133
Social security and other taxes	84	73
Accruals	38	44
Deferred income	18	63
	<u>258</u>	<u>315</u>
Deferred income		
	2016 £'000	2015 £'000
Deferred income at 1 September	63	41
Released from previous years	(63)	(41)
Resources deferred in the year	18	63
Deferred Income at 31 August	<u>18</u>	<u>63</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 August 2016

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £'000	2015 £'000
Other loans (see note 17)	21	9
	<u>21</u>	<u>9</u>

17. LOANS

An analysis of the maturity of loans is given below:

	2016 £'000	2015 £'000
Amounts falling due within one year on demand:		
Other loans	5	2
	<u>5</u>	<u>2</u>
Amounts falling between one and two years:		
Other loans - 1-2 years	5	2
	<u>5</u>	<u>2</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	16	7
	<u>16</u>	<u>7</u>

Other loans of £26,000 are made up of loans from Salix. The loans are interest free and are repayable over the periods shown above.

18. OPERATING LEASE COMMITMENTS

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

	Plant and machinery	
	2016 £'000	2015 £'000
Expiring:		
Within one year	6	1
Between one and five years	16	39
	<u>22</u>	<u>40</u>

19. 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 - CONTINUED
for the Year Ended 31 August 2016

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

				2016	2015
	Unrestricted fund £'000	Restricted fixed asset fund £'000	Restricted general fund £'000	Total funds £'000	Total funds £'000
Fixed assets	-	9,518	-	9,518	9,727
Current assets	128	-	413	541	1,031
Current liabilities	(1)	(21)	(236)	(258)	(315)
Long term liabilities	-	-	(21)	(21)	(9)
Pension liability	-	-	(1,099)	(1,099)	(646)
	<u>127</u>	<u>9,497</u>	<u>(943)</u>	<u>8,681</u>	<u>9,788</u>

21. MOVEMENT IN FUNDS

	Balance at 1.9.15 £'000	Income resources £'000	Resources expended £'000	Gains, losses and transfers £'000	Balance at 31.8.16 £'000
Restricted general funds					
General Annual Grant (GAG)	93	2,965	(2,893)	(27)	138
Local Authority and other EFA grants	-	230	(230)	-	-
School fund account	22	172	(162)	(14)	18
Roofing and windows project	544	89	(633)	-	-
Pension reserve	(646)	-	(65)	(388)	(1,099)
	<u>13</u>	<u>3,456</u>	<u>(3,983)</u>	<u>(429)</u>	<u>(943)</u>
Restricted fixed asset funds					
EFA and Local Authority capital grants	13	-	(3)	-	10
Transfer on Academy conversion	9,562	-	(224)	-	9,338
Capital expenditure from GAG	150	-	(30)	27	147
Capital expenditure from other restricted funds	2	-	-	-	2
	<u>9,727</u>	<u>-</u>	<u>(257)</u>	<u>27</u>	<u>9,497</u>
Total restricted funds	<u>9,740</u>	<u>3,456</u>	<u>(4,240)</u>	<u>(402)</u>	<u>8,554</u>
Unrestricted funds					
Unrestricted funds	48	232	(167)	14	127
Total unrestricted funds	<u>48</u>	<u>232</u>	<u>(167)</u>	<u>14</u>	<u>127</u>
Total funds	<u>9,788</u>	<u>3,688</u>	<u>(4,407)</u>	<u>(388)</u>	<u>8,681</u>

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

- i) The General Annual Grant (GAG) and other grants receivable from the Local Authority and EFA are used towards the Academy's normal running costs.
- ii) Other restricted funds represent various smaller amounts received for specific purposes, as well as the liabilities transferred to the Academy on conversion.
- iii) The school fund account is held for the purpose of Academy trips and events.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 August 2016**21. MOVEMENT IN FUNDS - continued**

iv) The roofing and windows project fund is held for the purpose of replacing the roofing and windows of the Academy buildings.

v) The pension reserve is the Academy's share of the surplus/(deficit) in the Local Government Pension Scheme.

vi) The fixed asset funds include fixed assets and loans transferred on Academy conversion, capital grants, additions, disposals and depreciation.

22. PENSION AND SIMILAR OBLIGATIONS

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

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

Contributions amounting to £39,000 were payable to the schemes at 31 August 2016 (2015: £35,000) 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.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 August 2016

22. PENSION AND SIMILAR OBLIGATIONS
- continued

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.

The employer's pension costs paid to TPS in the period amounted to £224,000 (2015: £190,000).

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

Under the definitions set out in FRS 102, the TPS is 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 pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £127,000 (2015: £102,000), of which employer's contributions totalled £95,000 (2015: £78,000) and employees' contributions totalled £32,000 (2015: £24,000). The agreed contribution rates for future years are 15.8% 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.

The scheme is in deficit, and the academy has entered into an agreement to pay an additional £21,000 into the scheme for the year ending 31 March 2017, in addition to the normal employer funding level of 15.8%.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 August 2016

22. PENSION AND SIMILAR OBLIGATIONS
- continued

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2016 £'000	2015 £'000
Fair value of plan assets	580	372
	<u>580</u>	<u>372</u>
Surplus	580	372
Net asset	<u>580</u>	<u>372</u>

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

	Defined benefit pension plans	
	2016 £'000	2015 £'000
Current service cost	135	117
Net interest from net defined benefit asset/liability	25	23
	<u>160</u>	<u>140</u>
Actual return on plan assets	<u>82</u>	<u>13</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2016 £'000	2015 £'000
Defined benefit obligation	(1,018)	(860)
Current service cost	(135)	(117)
Contributions by scheme participants	(32)	(24)
Interest cost	(42)	(34)
Actuarial losses/(gains)	(453)	16
Benefits paid	1	1
	<u>(1,679)</u>	<u>(1,018)</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 August 2016

22. PENSION AND SIMILAR OBLIGATIONS
- continued

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2016 £'000	2015 £'000
Fair value of scheme assets	372	258
Contributions by employer	95	78
Contributions by scheme participants	32	24
Return on plan assets (excluding interest income)	65	2
Interest income	17	11
Benefits paid	(1)	(1)
	<u>580</u>	<u>372</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	2016 £'000	2015 £'000
Return on plan assets (excluding interest income)	65	2
	<u>65</u>	<u>2</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2016 £'000	2015 £'000
Equities	377	237
Bonds	133	86
Property	64	45
Cash	6	4
	<u>580</u>	<u>372</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2016	2015
Rate of increase in salaries	4.1%	4.6%
Rate of increase for pensions in payment	2.1%	2.7%
Discount rate for scheme liabilities	2.1%	3.8%
Inflation assumption (CPI)0	2.1%	2.6%
Commutation of pensions to lump sums	75%	75%

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 August 2016

22. PENSION AND SIMILAR OBLIGATIONS
- continued

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	Approximate Increase to Employer Liability	Approximate Monetary amount
0.5% decrease in Real Discount Rate	15%	£251,000
1 year increase in member life expectancy	3%	£50,000
0.5% increase in the Salary Increase Rate	5%	£91,000
0.5% increase in the Pension Increase Rate	9%	£151,000

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

	2016	2015
Retiring today		
- Males	22.4	22.4
- Females	24.4	24.4
Retiring in 20 years		
- Males	24.3	24.3
- Females	26.6	26.6

Amounts for the current and previous period are as follows:

	2016 £'000	2015 £'000
Defined benefit pension plans		
Defined benefit obligation	(1,679)	(1,018)
Fair value of scheme assets	580	372
Deficit	(1,099)	(646)

23. CAPITAL COMMITMENTS

	2016 £'000	2015 £'000
Contracted but not provided for in the financial statements	-	17

24. RELATED PARTY DISCLOSURES

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.

25. FIRST YEAR ADOPTION

Transitional relief

On transition to FRS 102, there are were no items of transitional relief.

**RECONCILIATION OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 AUGUST 2015**

	Notes	UK GAAP £'000	Effect of transition to FRS 102 £'000	FRS 102 £'000
INCOME AND ENDOWMENTS FROM				
Donations and capital grants		11	595	606
Charitable activities		3,635	(595)	3,040
Other trading activities		58	-	58
Investment income		1	-	1
Other income		211	-	211
		<hr/>	<hr/>	<hr/>
Total		3,916	-	3,916
EXPENDITURE ON				
Raising funds		226	-	226
Charitable activities		3,323	28	3,351
Governance costs		22	(22)	-
		<hr/>	<hr/>	<hr/>
Total		3,571	6	3,577
		<hr/>	<hr/>	<hr/>
NET INCOME/(EXPENDITURE)		345	(6)	339
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the reconciliation of income and expenditure

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 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 change has been to increase the debit to expense by £6,000 and increase the credit in other recognised gains and losses in the SoFA by the equivalent amount.

Change in classification of capital grants

Under previous UK GAAP the trust recognised capital grants within charitable activities. Under FRS 102 capital grants are recognised within non charitable activities. The effect of the change has been to increase the credit to donations and capital grants income by £595,000 and reduce the credit to charitable activities income by £595,000.

Change in presentation of governance costs

Under previous UK GAAP the trust presented governance costs within a separate category. Under FRS 102 governance costs are presented within support costs. The effect of the change has been to increase the debit to support costs expense by £22,000 and reduce the reduce the debit to governance costs expense by £22,000.

**RECONCILIATION OF FUNDS
AT 1 SEPTEMBER 2014
(DATE OF TRANSITION TO FRS 102)**

	Notes	UK GAAP £'000	Effect of transition to FRS 102 £'000	FRS 102 £'000
FIXED ASSETS				
Tangible assets		9,954	-	9,954
		<u>9,954</u>	<u>-</u>	<u>9,954</u>
		9,954	-	9,954
CURRENT ASSETS				
Debtors		77	-	77
Cash at bank		246	-	246
		<u>323</u>	<u>-</u>	<u>323</u>
		323	-	323
CREDITORS				
Amounts falling due within one year		(244)	-	(244)
		<u>(244)</u>	<u>-</u>	<u>(244)</u>
		(244)	-	(244)
NET CURRENT ASSETS				
		<u>79</u>	<u>-</u>	<u>79</u>
		79	-	79
TOTAL ASSETS LESS CURRENT LIABILITIES				
		10,033	-	10,033
PENSION LIABILITY				
		(602)	-	(602)
		<u>(602)</u>	<u>-</u>	<u>(602)</u>
		(602)	-	(602)
		<u>9,431</u>	<u>-</u>	<u>9,431</u>
		9,431	-	9,431
FUNDS				
Unrestricted funds		36	-	36
Restricted funds		9,395	-	9,395
		<u>9,431</u>	<u>-</u>	<u>9,431</u>
		9,431	-	9,431

**RECONCILIATION OF FUNDS
AT 31 AUGUST 2015**

	Notes	UK GAAP £'000	Effect of transition to FRS 102 £'000	FRS 102 £'000
FIXED ASSETS				
Tangible assets		9,727	-	9,727
CURRENT ASSETS				
Debtors		110	-	110
Cash at bank		921	-	921
		<u>1,031</u>	-	<u>1,031</u>
CREDITORS				
Amounts falling due within one year		(315)	-	(315)
		<u>716</u>	-	<u>716</u>
NET CURRENT ASSETS				
		10,443	-	10,443
CREDITORS				
Amounts falling due after more than one year		(9)	-	(9)
PENSION LIABILITY		(646)	-	(646)
		<u>9,788</u>	-	<u>9,788</u>
NET ASSETS				
FUNDS				
Unrestricted funds		48	-	48
Restricted funds		9,740	-	9,740
TOTAL FUNDS		<u>9,788</u>	-	<u>9,788</u>