
HOLYWELL CHURCH OF ENGLAND ACADEMY

(A company limited by guarantee)

Annual Report and Financial Statements

Year ended 31 August 2017

Company Registration Number:
08224216 (England and Wales)

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Reference and administrative details

Trustees

Mrs E Cook *
Mr P Haddon *
Mrs L Jenkins
Rev H Symes-Thompson (member)
Mr S Apted
Mrs J Ackroyd
Mr M Sanders (member)
Mrs I Turner
Mrs P Kendall
Ms R Bacon
Mr M McVitie *
Mrs S King
Miss S King

* Members of the Academy Business Committee

Secretary

Mr P Haddon

Senior management team

Mr P Haddon
Miss A Stewart
Mrs H Donnellan
Mrs C Dinner

Registered Office

Red Lion Close, Cranfield, Beds, MK43 0JA

Company Registration Number

08224216

Auditors

Duncan & Toplis
Louth
Lincolnshire
LN11 0LJ

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Bankers

Lloyds Bank
Fountainbridge
Edinburgh
EH3 9PE

Solicitors

Lee Bolton-Monier Williams
The Sanctuary
Westminster
London
SW1P 3JT

Trustees' Report

The Trustees present their annual report together with the audited financial statements of the Academy for the period ended 31 August 2017

The trust operates an academy for pupils aged 9 to 13 serving a catchment area in Bedfordshire. It has a pupil capacity of 600 and had a roll of 637 in the school census on 2nd October 2017.

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 governors act as the trustees for the charitable activities of Holywell Church of England Academy and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Holywell Church of England Academy.

Details of the governors 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

A full insurance indemnity is taken out with the Zurich insurance company. Each member has cover of £1,000,000 against financial loss arising from negligent act, accidental error or omission in the course of official duties. This is reviewed annually against potential risk.

Method of Recruitment and Appointment or Election of Trustees

The Articles outline the different types of Governor, each category has slightly differing election processes, as outlined below:

The Members may appoint no less than 11 Governors with no maximum, but the total number of Governors who are appointed by the two parishes must be in the majority.

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- The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Principal or any post which is held ex officio. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.
- Foundation Trustees in office appoint foundation Trustees to any foundation governor's vacancies.
- Up to 3 Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he is elected. The term of office of a parent governor can continue for the remaining elected term after he ceases to be the parent of a registered pupil but such a governor would not be eligible to stand for re-election
- Up to 3 Staff Governors shall be elected by a ballot of all staff employed under a contract of employment or a contract for services or otherwise engaged to provide services to the Academy (excluding the Principal). If a Staff Governor ceases to work at the Academy then he shall be deemed to have resigned and shall cease to be a Governor automatically on termination of his work at the Academy. Any election of a Staff Governor which is contested shall be held by secret ballot.
- The Governors may appoint up to 2 Co-opted Governors. A 'Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed.

Governors are subject to retirement or re-election at the end of their 4 year term of office unless the eligibility conditions listed above prevail.

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 and Governors are 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 few new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

Organisational Structure

The structure of the Academy consists of two senior levels: the Board of Directors (Governing Body) and the Head Teacher leading the Senior Leadership Team which includes two Deputy Head Teachers, an Assistant Headteacher and the School Business Manager.

An aim of this management structure is to distribute responsibility and accountability and to encourage involvement in decision making at all levels so that the School nurtures the talents of its entire staff to support continual improvement and excellence.

The Governing Body is responsible for setting the School's policies, adopting the School Improvement Plan and budget, monitoring performance against these plans and making major decisions about the direction of the School including its curriculum, the achievement and welfare of students and staffing.

The Head Teacher and Senior Leadership Team control the School at an executive level, implementing the policies set by the Governing Body and reporting back to them.

The Governing Body has established three sub-committees. Each sub-committee has its own terms of reference detailing the responsibilities discharged to the sub-committee, to the Head Teacher (The Accounting Officer) and to the Senior Leadership Team.

The terms of reference and meeting frequency for each sub-committee is reviewed and approved by the Governing Body annually. The Academy has an approved Financial Handbook which details the School's authorised spending limits.

The sub-committees of the Governing Body are:

- Academy Business Committee
- Curriculum Committee
- Ethos Committee

The school operates the teacher's pay and conditions national scales. All staff have annual performance management reviews and pay reviews are carried out from there. This includes senior staff. Pay awards for senior staff are approved by the Academy Business Committee.

Connected Organisations, including Related Party Relationships

The Academy is not part of any wider network although it works closely with its feeder lower schools, local middle schools and the upper school within the Wootton family of schools.

Objectives and Activities

Objects and Aims

The principal object and activity of the charitable company is the operation of Holywell Church of England Academy to provide education for pupils of different abilities between the ages of 9 and 13.

In accordance with the Articles of Association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to The Academy, and that the curriculum should comply with the substance of the national curriculum.

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The main objectives of The Academy during the period ended 31 August 2017 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of The Academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements; and
- to conduct Academy business in accordance with the highest standards of integrity, probity and openness.
- We aim to be an educational community whose members are:
 - safe and happy in a caring environment which nurtures confidence and creates positive memories
 - inspired and celebrate creativity, flair, imagination, innovation which motivates, challenges and encourages aspiration
 - confident, eager and responsible citizens who respect themselves, each other and the environment
 - all valued as individuals in a school that is inclusive, celebrates diversity, provides equality of opportunity and treats all with fairness

Objectives, Strategies and Activities

The main objectives during the year were:

- 1 Ensuring that the quality of teaching moves from overall good to outstanding – (to minimise presence of satisfactory lessons, increase number of outstanding lessons.)
- 2 Ensuring that consistent assessment practices provide most effective support to pupil progress and achievement
- 3 Establishing a rigorous reading programme across the school
- 4 Developing independent learning/work out of lessons such that it challenges and supports pupils
- 5 Working on programmes to support the potential expansion of pupil numbers at Holywell and to improve further the organisation of our built environment for pupils' experience of life in the school.

Public Benefit

The Trustees confirm that they have complied with the duty to have due regard to the Charity Commission's general guidance on public benefit, "*Charities and Public Benefit*".

The Academy's public benefit is enshrined in its charitable objects, which state the charity exists to advance for the public benefit education in the villages of Cranfield & Wootton and the surrounding area, in particular but without prejudice to the generality of the foregoing by estimating, maintaining, carrying on, managing and developing schools, offering a broad curriculum.

Strategic Report

Achievements and Performance

- The Academy's KS2 attainment levels at May 2017 were above the National Average in most areas of attainment: Combined (Reading, Writing and Maths), Reading, Writing and Maths. Below national average for GPS (Grammar Punctuation and Spelling).
- 10% increase for the combined result, 9% increase for the reading, 2% decrease for GPS, 8% increase for Maths since last year. The percentage of pupils achieving 'greater depth' has doubled ... we await the national data for 'greater depth' for comparison.
- GPS is a significant area for development – especially as many of the 45 students who were 'below the expected standard' were close to the threshold of 100 (26 students had between 96 and 99 points).
- Progress for all groups of pupils in Reading, Writing and Maths is in the bottom 20% of the national percentiles. There is a stark contrast between KS1 scores from Lower Schools and the baseline GLS test completed for Year 5 entry, however, this is an area of urgent focus for 2017-2018.
- SEN students performed well below that of their peers – with the three EHCP students failing to achieve the national standard in any area.
- Pupil Premium performed well in Reading in comparison to the whole cohort, however, in other areas, there is a significant gap. The same applies to FSM students (all bar one student is both FSM and PP)
- The cohort of students who did not achieve the expected standard in each area will need to be tracked carefully through Year 7 to ensure they achieve well. 16 students did not reach the expected standard in all four areas.

KS2 results

	Number of pupils achieving national standard	% Pupils achieving national standard	Number of pupils achieving above national standard	% Pupils achieving above national standard or a greater depth
RWM Combined 2017	100	63% (NA 61%)	19	12% (9% NA)
Reading 2017	117	74% (NA 71%)	39	25%
Writing 2017	128	81% (NA 76%)	28	18%
Grammar, punctuation and spelling 2017	114	74% (NA 77%)	25	16%
Maths 2017	122	77% (NA 75%)	39	25%

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The Academy continues to provide a broad range of activities to enhance the curriculum including "The Widening Horizons Day", residential trips to Osmington and Swanage.

There have been several assemblies delivered by a number of guest speakers throughout the year. The values education programme continues to be well received and supported by parents and pupils alike.

The PE department works with the Redborne Sports partnership to deliver sports programmes to our key partner lower schools, using Year 8 sports leaders to help deliver coaching as well as refereeing events. Sports teams continue to take part in inter school sports competitions throughout the year.

Key Performance Indicators

Key Performance Indicators beyond attainment and progress listed above are:

Ofsted inspection outcome

The Academy was inspected by OFSTED on 9th & 10th October 2014. The Academy was rated as good in all 4 categories.

SIAMS (Statutory Inspection of Anglican and Methodist Schools)

The Academy was inspected by OFSTED on 22 November, 2016. The Academy was rated as good in all 5 categories.

Attendance

The Academy was above the national average for attendance.

	Year 5	Year 6	Year 7	Year 8	Total
Overall	96.32	95.81	96.14	95.43	95.94%
National 2015-16					95.4%
Authorised Absence	2.78	3.68	3.22	3.37	3.26%
Unauthorised Absence	0.90	0.51	0.64	1.19	0.80%
Pupil Premium	-	-	-	-	94.12%
SEN	-	-	-	-	92.09%
Persistent Absence (>90%)	-	-	-	-	40

In addition to educational performance indicators, the school monitors its finances via several key performance indicators or "KPI's". These are principally revenue surplus (budget and actual); individual costs as a percentage of income and total costs, and actual costs v budget.

The budget for the period 1 September 2016 to 31 August 2017 forecast a revenue surplus of £91,340. Staffing costs were budgeted at 77% of total income and actual costs were 83%. Premises costs were budgeted at 5% and final expenditure was 4%. Other supplies and services were budgeted at 18% and final costs were 13%.

The Academy has been given permission by the local authority to increase its PAN to 720 to take account of local need due to a significant housebuilding programme within the area. It is undertaking a major building programme over the next year to include new classrooms and a

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new sports hall to provide excellent facilities for all pupils. This work is being funded by the local authority, A design and build contractor was successfully appointed following a competitive tendering process and work is expected to start in January 2018 for completion by September 2018

Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Accounting Policies note of the financial statements.

Financial Review

Most 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 during the period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year, the Academy received total funding of £3,247,765 (including capital grants of £445,751) compared to total resources expended of £3,045,188 of which £207,705 was depreciation.

Taking into account the surplus brought forwards from last year the Academy has £245,433 in accumulated restricted and unrestricted revenue reserves carried forward, excluding fixed asset fund and pension deficit.

Reserves Policy

'Revenue Reserves' are the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'free reserves' represent income to the Academy which is to be spent at the Trustees' discretion in furtherance of any of the Academy's objects but which is not yet spent, committed or designated.

The trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams. As noted above, the Academy's current level of revenue reserves is £245,433 comprising unrestricted funds of £123,094 and restricted funds (unspent revenue grants) of £122,339.

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Funds in deficit

The Academy's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the scheme assets is currently assessed to be less than its liabilities in the scheme and consequently the Academy's balance sheet shows a net liability of £662,000. However, the deficit does not mean that an immediate liability for this amount crystallises. The contribution rate to reduce the liability is calculated by an independent actuary.

Financial and Risk Management Objectives and Policies

The Academy has a comprehensive Risk Register, which is used in conjunction with regular financial reporting to monitor the operational and financial performance of the Academy.

Principal Risks and Uncertainties

The Academy's Business Committee undertakes a comprehensive review of the risks to which the Academy is exposed. The committee identifies systems and procedures, including specific preventable actions which should mitigate any potential negative impact on the Academy.

The internal controls for managing risks deemed as medium and high are incorporated into annual risk management action plan. The effectiveness of the Academy's internal controls in managing the risks identified is regularly monitored.

A thorough appraisal will be undertaken in the subsequent year of the existing risks and any emerging risks, for example, those arising from changes to national funding policy and/or local circumstances. In addition to the annual review, the Committee will also consider any risks which arise during the year, for example, as a result of a new area of work being undertaken by the Academy.

A risk register, covering low, medium and high level risks, is maintained at Academy level. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Academy and the actions being taken to reduce and mitigate the risks. Risks are prioritised as low, medium and high using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the Academy. However, not all factors are within the Academy's control and other factors besides those listed below may also adversely affect the Academy.

1. Government funding

The Academy has considerable reliance on continued government funding through the Education Funding Agency (EFA) and the Local Authority.

This risk has and will be mitigated in a number of ways:

- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies;
- Ensuring the Academy is focused on those priority sectors which will continue to benefit from public funding;
- Contingency planning embedded into the Academy budget process.

2. Maintain adequate funding of pension liabilities

The financial statements report the share of the local government pension scheme deficit on the Academy's balance sheet in line with the requirements of FRS102.

The Academy takes professional advice on this position and makes appropriate contributions on the basis of that advice to ensure the deficit does not become unmanageable.

3. Pupil Strategy

The Academy seeks to maintain its popularity with current and prospective pupils by:

- ensuring the Academy delivers high quality education and training;
- maintaining outstanding success rates and good inspection outcomes; and
- investing in its teaching staff and resources.

This places the Academy in an excellent position to attract new pupils.

Plans for Future Periods

The school is seeking to exploit the opportunities afforded by conversion to Academy status. Initially by utilising increased financial resources and governance freedoms to improve further the standard of teaching and learning but also, importantly, to improve the school estate.

The school has completed a significant programme of building work with funding from the Local Authority to improve facilities and to enable it to expand provision in line with local housing needs to ensure the school remains at the heart of education provision of the local community. Discussions and feasibility studies are ongoing with regard to further building work to continue to improve the school buildings.

After a successful tenure at the school Mr P Haddon retired at 31 August 2017 and the governors are delighted to have appointed Mr M G Simpson in his place.

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Auditor

In so far as the trustees are aware:

- there is no relevant 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.

The auditors, Duncan & Toplis, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the members of the Governing Body on 23 November 2017 and signed on its behalf by:


.....
Mrs E Cook
[Chair]

Governance Statement

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Holywell Church of England 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 the Mr P Haddon, 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 Holywell Church Of England 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 Governing Body operates three sub committees in addition to the full governing body:

- The Curriculum and Training Committee
- The Ethos and Pastoral Care Committee
- The Academy Business Committee

There is also a more informal gathering known as the Strategy Group.

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' responsibilities.

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The **governing body** formally met 7 times during the year.

Attendance during the year at meetings of the governing body was as follows:

Committee Name: **Full Governing Body**

Objective: Main board - all members attend

Members:

Name of member		Number of meetings attended	Number of meetings at which attendance possible
Mrs Elaine Cook	Chair of Governors	6	7
Mr Peter Haddon	Head Teacher	7	7
Miss Alison Stewart		7	7
Mrs Heather Donellan		3	3
Miss Sarah Cartwright		1	1
Mrs Lynn Jenkins		7	7
Rev Hugh Symes-Thompson (Incumbent)		6	7
Mr Stephen Apted		6	7
Mr John Spelman		1	5
Mrs JoJo Ackroyd		5	7
Mr Martin Sanders		7	7
Mrs Isabel Turner		6	7
Mrs Pauline Kendall		6	7
Mr M McVitie	Vice-Chair	3	7
Miss Selina King		7	7
Mrs Sarah King		4	7
Mrs Sara Jenkins		5	7
Mrs Emma Butterwick		5	7
Ms R Bacon		6	7

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Committee Name: Curriculum and Training Committee

Objective: Sub Committee of the Main Board - ensures provision for pupils and professional development opportunities for staff - sub set members attend

Members:

Name of member		Number of meetings attended	Number of meetings at which attendance possible
Mr Peter Haddon		4	4
Miss Alison Stewart	Selected meetings only	4	4
Mrs Lynn Jenkins		3	4
Mr Martin Sanders		4	4
Mrs Pauline Kendall		3	3
Miss Selina King		3	4
Mrs Sara Jenkins		3	4
Ms Rachel Bacon		3	3

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Committee Name: **Ethos and Pastoral Care Committee**

Objective: Sub Committee of the Main Board - ensures the Christian character of the school is upheld and addresses the care and guidance of pupils - sub set of members attend

Members:

Name of member	Number of meetings attended	Number of meetings at which attendance possible
Rev Hugh Symes-Thompson	3	3
Mr Stephen Apted	3	3
Mrs JoJo Ackroyd	3	3
Mrs Isabel Turner	3	3
Mr Peter Haddon	3	3
Mrs Heather Donellan	2	2
Miss Alison Stewart	3	3
Mrs Emma Butterwick	3	3
Ms Rachel Bacon	2	3
Mrs Sara Jenkins	3	3

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Committee Name: **Academy Business Committee**

Objective: To cover issues such as Finance, Sites & Buildings, Personnel, Health & Safety and Risk Management.

Members:

Name of member	Number of meetings attended	Number of meetings at which attendance possible
Mrs Elaine Cook	5	5
Mr Peter Haddon	5	5
Mr Mick McVitie	3	5
Mrs Sarah King	3	5
Mr John Spelman	1	5
Mrs Colleen Dinner	5	5

The Academy Business Committee is a sub-committee of the main Board of Trustees. The main responsibilities of the Committee are detailed in written Terms of Reference which are authorised and approved by the Governing Body annually. The main financial responsibilities include:

- coordinating the planning and budgeting processes
- the regular monitoring of management accounts
- interacting with all other committees, to advise on the appropriate means by which their requirements which have budget implications can best be met
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies
- authorising the award of contracts over £25,000
- authorising changes to the School personnel establishment
- reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the full Governing Body

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Committee Name:	Strategy Group
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Objective:	Sub Group of the Main Board - ensures items of a strategic nature are discussed fully outside of the main board allowing for a more lengthy and in-depth discussion - members attend as they wish, this is not such a 'set' sub group as other committees.
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There were no Strategy Group meetings in 2016/17

The slots for this group were used for extra full governing body meetings for discussion around a potential MAT and free school proposals then subsequently the new Head Teacher recruitment.

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 as set out below.

Improving educational results for our students remains our key priority. The Academy has taken the following steps to support school improvement for our students and to raise their attainment and aspirations. The Academy is committed to supporting our students in reaching their full potential through academic achievement, extra-curricular opportunities and extended learning to develop the whole person to help prepare them for their next stage of education.

Targeted improvement: The Academy has a robust tracking system for monitoring achievement and is continually looking at how data can inform staff in order for them to support and extend the learning of the students. We have employed skilled staff to support our school improvement agenda.

Focus on individual students: The Academy offers students a student support service and specialist learning provision. Students benefit from one to one mentoring, small group work, holiday revision classes and a full time in-school counselling service

The Academy rewards excellence and encourages positive behaviour. We celebrate achievement and encourage students to try new activities to develop their confidence and leadership skills.

As a Middle School Academy we provide the full range of National Curriculum subjects for Key Stage 2 and Key Stage 3. In addition all students in years 7 and 8 have Drama lesson each week. In year 8 students have a small part of their weekly curriculum as an Option programme enabling them to work in more depth and range in a subject area of their choice. Operating in a secondary form of school organisation, the Academy has been able to move to the overwhelming majority of teaching throughout the school being delivered by subject specialists.

Collaboration: The Academy works closely with its partner schools – destination Upper School, sister Middle School and partner Lower Schools. The headteachers and staff of each school meet regularly to share ideas, good practice and discuss issues.

Quantifying improvements: The Governors' Curriculum Committee meets five times a year to ensure that the quality of provision for students at the Academy continues to be at least good and is clearly addressing improvement plan issues so that the Academy is evidently moving towards delivering outstanding quality in all areas of provision. The Academy has become the local school of first preference with intake numbers at the top of its agreed number and discussions well advanced with the Local Authority for increasing the roll substantially in the coming two years.

Financial governance and oversight: The Academy's Governing Body has strong oversight of the financial management of the budget. The Academy Business Committee meet regularly to review the financial position, to receive reports and to challenge decisions. Our external auditors review our financial processes and undertake the role of Responsible Officer to test our internal controls. The levels of delegation on spending proposals ensure we take the necessary steps to achieve best value.

The Full Governing Body approves the budget each year and is mindful of the need to balance expenditure against income to ensure the Academy remains a 'going concern'. The Governing Body also receives and approves the Annual Accounts and External Auditors Management Report.

Better purchasing: The Business/Finance office is always striving to find Best Value in purchasing and use a number of established Consortiums ie ESPO and Herts and also the tes Foundation website for anonymous quotes for goods. Most of the building projects are put through Mouchel who in turn apply Best Value principles within a safe and legal framework.

Fitness for purpose: The Academy has a cycle of review for its on-going services from external organisations to ensure those services continue to meet the needs of the school, are the best available to us at that time, and offer good value for money. Our Contract management system enables us to be alerted to end of contract information in a timely manner which gives us the opportunity of reviewing the current service provision and costs against others out there. This software also serves as a networking opportunity as it links to other schools/academies that are using it to compare like for like services.

Tender exercises are regularly undertaken to ensure that high value contracts are assessed against the marketplace on a regular basis to ensure that long term contracts (3 to 5 years) remain competitive.

Reviewing Controls and Managing Risk: Monthly budget monitoring reports are produced by the School Business Manager. These reports are distributed to the Headteacher and Academy Business members and any remedial action taken to address any significant variances that may have an impact on the budget out-turn.

The Academy is arranging that all surplus cash balances are invested in interest bearing accounts to maximise interest earning potential.

Reviewing operation to maximise use of resources: The Academy Leadership Team review expenditure and make adjustments based on the effectiveness of strategies introduced in previous years, curriculum offer, and any new strategies identified in the Academy Development Plan.

Lessons learned: The Academy has reached the end of its second year of operations and we have continued to learn the options open to us and the autonomy and flexibilities we have. Our continued curriculum development to support high student achievement remains our top priority. We will be focusing on how best to resource our Development Plan.

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's 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 Holywell Church Of England Academy for the period ended 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 trust 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 trust's significant risks that has been in place for the period 1 October 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- regular reviews by the Academy Business 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.

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The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed Duncan and Toplis (Boston office) to act as responsible officer.

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy trust's financial systems.

On a quarterly basis, the RO reports to the Academy Business Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of Effectiveness

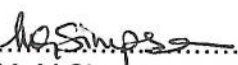
As accounting officer the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the responsible officer;
- the work of the external auditor;
- the financial management and governance self-assessment process
- the work of the School Business Manager who has 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 Academy Business Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 23 November 2017 and signed on its behalf by:


.....
Mrs E Cook
[Chair]

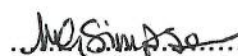

.....
Mr M Simpson
[Accounting Officer]

Statement on Regularity, Propriety and Compliance

As accounting officer of Holywell Church of England Academy I have considered my responsibility to notify the Academy trust governing body and the Education Funding Agency (EFA) 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. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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.

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 M Simpson
[Accounting Officer]

23 November 2017

HOLYWELL CHURCH OF ENGLAND ACADEMY

(A company limited by guarantee)

Statement of Trustees' Responsibilities

The Trustees (who act as governors of Holywell Church of England Academy 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 charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 of trustees on 23 November 2017 and signed on its behalf by:


.....
Mrs E Cook [Chair]

HOLYWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HOLYWELL CHURCH OF ENGLAND ACADEMY**

OPINION

We have audited the financial statements of Holywell Church of England Academy for the Year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the Year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

HOLYWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HOLYWELL CHURCH OF ENGLAND ACADEMY**

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' report including the Strategic report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

HOLYWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HOLYWELL CHURCH OF ENGLAND ACADEMY**

RESPONSIBILITIES OF TRUSTEES

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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



Nicholas Cudmore FCA (Senior statutory auditor)

for and on behalf of

Duncan & Toplis

Chartered Accountants and Statutory Auditors

15 Chequergate

Louth

Lincolnshire

LN11 0LJ

Date:

24th November 2017

HOLYWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HOLYWELL
CHURCH OF ENGLAND ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 14 November 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Holywell Church of England Academy during the Year 1 September 2016 to 31 August 2017 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 Holywell Church of England Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Holywell Church of England Academy and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Holywell Church of England Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF HOLYWELL CHURCH OF ENGLAND ACADEMY'S ACCOUNTING
OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Holywell Church of England Academy's funding agreement with the Secretary of State for Education dated 1 October 2012, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the Year 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

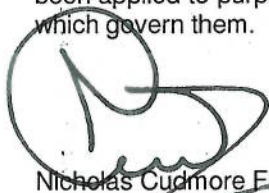
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

HOLYWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HOLYWELL
CHURCH OF ENGLAND ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the Year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Nicholas Cudmore FCA (Senior statutory auditor)

Duncan & Toplis

Chartered Accountants and Statutory Auditors

15 Chequergate
Louth
Lincolnshire
LN11 0LJ

Date: 24th November 2017

HOLYWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	-	89,206	445,751	534,957	340,670
Charitable activities:	3					
Funding for the Academy's educational operations		-	2,636,472	-	2,636,472	2,553,302
Other trading activities	4	63,863	12,235	-	76,098	45,121
Investments	5	238	-	-	238	475
TOTAL INCOME		64,101	2,737,913	445,751	3,247,765	2,939,568
EXPENDITURE ON:						
Raising funds		7,642	-	-	7,642	5,364
Charitable activities		85,138	2,744,703	207,705	3,037,546	2,875,986
TOTAL EXPENDITURE	8	92,780	2,744,703	207,705	3,045,188	2,881,350
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	17	(28,679)	(6,790)	238,046	202,577	58,218
		-	(22,509)	22,509	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(28,679)	(29,299)	260,555	202,577	58,218
Actuarial gains/(losses) on defined benefit pension schemes	22	-	195,000	-	195,000	(339,000)
NET MOVEMENT IN FUNDS		(28,679)	165,701	260,555	397,577	(280,782)
RECONCILIATION OF FUNDS:						
Total funds brought forward		151,773	(705,362)	7,107,087	6,553,498	6,834,280
TOTAL FUNDS CARRIED FORWARD		123,094	(539,661)	7,367,642	6,951,075	6,553,498

HOLYWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)
REGISTERED NUMBER: 08224216

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	13		7,070,394		7,107,087
CURRENT ASSETS					
Debtors	14	368,461		61,198	
Cash at bank and in hand		323,126		327,084	
		<u>691,587</u>		<u>388,282</u>	
CREDITORS: amounts falling due within one year	15	(140,389)		(175,354)	
NET CURRENT ASSETS			<u>551,198</u>		<u>212,928</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,621,592</u>		<u>7,320,015</u>
CREDITORS: amounts falling due after more than one year	16		(8,517)		(8,517)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>7,613,075</u>		<u>7,311,498</u>
Defined benefit pension scheme liability	22	(662,000)		(758,000)	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>6,951,075</u></u>		<u><u>6,553,498</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	17	122,339		52,638	
Restricted fixed asset funds	17	7,367,642		7,107,087	
Restricted income funds excluding pension liability		7,489,981		7,159,725	
Pension reserve		(662,000)		(758,000)	
Total restricted income funds			<u>6,827,981</u>		<u>6,401,725</u>
Unrestricted income funds	17		<u>123,094</u>		<u>151,773</u>
TOTAL FUNDS			<u><u>6,951,075</u></u>		<u><u>6,553,498</u></u>

The financial statements on pages 30 to 53 were approved by the Trustees, and authorised for issue, on 23 November 2017 and are signed on their behalf, by:



Chair of Trustees

HOLYWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	19	<u>(278,935)</u>	<u>26,495</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		238	475
Purchase of tangible fixed assets		(171,012)	(307,539)
Capital grants from DfE/ESFA		445,751	240,258
Net cash provided by/(used in) investing activities		<u>274,977</u>	<u>(66,806)</u>
Change in cash and cash equivalents in the Year		(3,958)	(40,311)
Cash and cash equivalents brought forward		327,084	367,395
Cash and cash equivalents carried forward	20	<u><u>323,126</u></u>	<u><u>327,084</u></u>

HOLYWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Holywell Church of England Academy constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

HOLYWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

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

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

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

1.4 Expenditure

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

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

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

All expenditure is inclusive of irrecoverable VAT.

HOLYWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £3,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Land and building	-	over 50 years straight line
Motor vehicles	-	over 4 years straight line
Fixtures and fittings	-	over 4 years straight line
Computer equipment	-	over 3 years straight line

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

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

1.6 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.7 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.8 Liabilities and provisions

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

HOLYWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.9 Financial instruments

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.10 Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

HOLYWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

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

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

1.12 Fund accounting

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

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

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

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FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.13 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Contribution to school trips and events	-	89,206	-	89,206	100,412
Capital Grants	-	-	445,751	445,751	240,258
	-	89,206	445,751	534,957	340,670
<i>Total 2016</i>	36,765	63,647	240,258	340,670	

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3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	2,441,476	2,441,476	2,305,570
Pupil Premium	-	117,047	117,047	123,683
SEN 1-1 funding	-	45,900	45,900	49,950
Other DfE/ESFA Revenue grants	-	9,540	9,540	19,975
	-	2,613,963	2,613,963	2,499,178
Other government grants				
Other local authority revenue grants	-	22,509	22,509	54,124
	-	22,509	22,509	54,124
	-	2,636,472	2,636,472	2,553,302
<i>Total 2016</i>	-	2,553,302	2,553,302	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Receipts from supply teacher insurance claims	-	12,235	12,235	-
Lettings income	1,359	-	1,359	1,309
Other income	42,846	-	42,846	28,037
School Fund sales	19,658	-	19,658	15,775
	63,863	12,235	76,098	45,121
<i>Total 2016</i>	45,121	-	45,121	

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5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank account interest	238	-	238	475
<i>Total 2016</i>	475	-	475	

6. DIRECT COSTS

	Educational operations £	Total 2017 £	Total 2016 £
Educational supplies	212,949	212,949	185,254
Technology costs	39,812	39,812	34,985
Staff development	11,928	11,928	22,780
Educational consultancy	3,163	3,163	4,925
Other costs	42,968	42,968	49,422
Wages and salaries	1,503,162	1,503,162	1,479,937
National insurance	138,491	138,491	111,820
Pension cost	296,649	296,649	249,388
Depreciation	207,705	207,705	207,391
	<u>2,456,827</u>	<u>2,456,827</u>	<u>2,345,902</u>
<i>At 31 August 2016</i>	<u>2,345,902</u>	<u>2,345,902</u>	

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7. SUPPORT COSTS

	Funding for the academy £	Total 2017 £	Total 2016 £
Technology costs	26,740	26,740	24,397
Maintenance of premises and equipment	38,615	38,615	37,058
Cleaning	6,848	6,848	5,942
Rent and rates	15,324	15,324	17,522
Energy costs	27,348	27,348	40,551
Insurance	37,443	37,443	15,527
Security	1,731	1,731	4,550
Transport	1,318	1,318	1,258
Telephone, postage and stationery	9,929	9,929	10,969
Catering	5,494	5,494	10,088
Other costs	37,550	37,550	31,761
Auditors' remuneration	10,050	10,050	10,973
Legal and professional	18,357	18,357	20,111
Wages and salaries	238,912	238,912	228,107
National insurance	15,480	15,480	12,107
Pension cost	89,580	89,580	59,163
	<u>580,719</u>	<u>580,719</u>	<u>530,084</u>
<i>At 31 August 2016</i>	<u>561,168</u>	<u>561,168</u>	

During the Year ended 31 August 2017, the Academy incurred the following Governance costs:

£31,570 (2016 - £31,084) included within the table above in respect of Funding for the academy trust's educational operations.

8. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on fundraising trading	7,642	-	-	7,642	5,364
Funding for the academy trust's educational operations:					
Direct costs	1,938,302	125,916	392,609	2,456,827	2,345,902
Support costs	343,972	69,416	167,331	580,719	530,084
	<u>2,289,916</u>	<u>195,332</u>	<u>559,940</u>	<u>3,045,188</u>	<u>2,881,350</u>
<i>Total 2016</i>	<u>2,145,886</u>	<u>174,098</u>	<u>561,366</u>	<u>2,881,350</u>	

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9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	207,705	207,391
Auditors' remuneration - audit	9,000	9,000
Auditors' remuneration - other services	1,050	1,973
Operating lease rentals	2,682	2,682
	<u>210,437</u>	<u>221,046</u>

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10. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	1,718,027	1,616,695
Social security costs	153,971	123,927
Operating costs of defined benefit pension schemes	386,229	308,551
	<u>2,258,227</u>	<u>2,049,173</u>
Supply teacher costs	31,689	96,713
	<u>2,289,916</u>	<u>2,145,886</u>

Staff restructuring costs comprise:

Severance payments	4,628	-
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The average number of persons employed by the Academy during the Year was as follows:

	2017 No.	2016 No.
Teachers	36	37
Admin and Support	51	53
Management	4	1
	<u>91</u>	<u>91</u>

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

	2017 No.	2016 No.
In the band £80,001 - £90,000	1	1

The above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for the members of staff amounted to £13,857 (2016: £13,325).

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 £269,791 (2016: £258,572).

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11. 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 other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2017	2016
		£	£
Mr Peter Haddon, Head Teacher	Remuneration	80,000-85,000	80,000-85,000
	Pension contributions paid	5,000-10,000	10,000-15,000
Mrs Lynne Jenkins, Staff Governor	Remuneration	15,000-20,000	15,000-20,000
	Pension contributions paid	0-5,000	0-5,000
Miss Selina King, Staff Governor	Remuneration	40,000-45,000	35,000-40,000
	Pension contributions paid	5,000-10,000	5,000-10,000

During the Year, no Trustees received any benefits in kind (2016 - £NIL).

During the Year ended 31 August 2017, three Trustees received £1,345 by way of reimbursement of expenses incurred in the performance of their employment duties (2016 - £1,091 was paid to 4 Trustees).

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the Year ended 31 August 2017 was £843 (2016 - £748).

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**NOTES TO THE FINANCIAL STATEMENTS
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13. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2016	7,366,183	22,613	185,201	116,524	7,690,521
Additions	151,203	-	13,510	6,299	171,012
At 31 August 2017	7,517,386	22,613	198,711	122,823	7,861,533
Depreciation					
At 1 September 2016	392,354	17,871	103,060	70,149	583,434
Charge for the Year	125,916	4,742	46,230	30,817	207,705
At 31 August 2017	518,270	22,613	149,290	100,966	791,139
Net book value					
At 31 August 2017	6,999,116	-	49,421	21,857	7,070,394
At 31 August 2016	6,973,829	4,742	82,141	46,375	7,107,087

Capital Commitments

The Trustees have approved and contracted for future capital expenditure (i.e. to be incurred after the balance sheet date) under a contract for new roofing to the value of approximately £300,000.

Future expansion plans have also been approved in principle, but have not been contracted for, to an estimated value of £2.1million. However this expansion will only proceed with prior confirmation of Government and Local Authority funding.

14. DEBTORS

	2017 £	2016 £
VAT recoverable	26,415	28,363
Other debtors	21,451	22,125
Prepayments and accrued income	19,896	10,710
Grants Receivable	300,699	-
	<u>368,461</u>	<u>61,198</u>

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15. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Other creditors	1,217	1,217
Accruals and deferred income	139,172	174,137
	<u>140,389</u>	<u>175,354</u>
	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	5,280	66,936
Resources deferred during the year	127,847	5,280
Amounts released from previous years	(5,280)	(66,936)
Deferred income at 31 August 2017	<u>127,847</u>	<u>5,280</u>

16. CREDITORS: Amounts falling due after more than one year

	2017 £	2016 £
Other creditors	8,517	8,517

Creditors include amounts not wholly repayable within 5 years as follows:

	2017 £	2016 £
Repayable by instalments - Salix Loan	3,650	3,650

The Salix loan totalling £9,734 is repayable by equal semi-annual instalments of £608.38 over an eight year period. The loan is interest free and unsecured.

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NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
Other income not for capital purposes	151,773	64,101	(92,780)	-	-	123,094
Restricted funds						
Other DfE/ESFA Grants fund	37,955	117,047	(117,047)	-	-	37,955
General Annual Grant (GAG)	-	2,441,476	(2,383,862)	-	-	57,614
Other income - revenue	-	34,744	(12,235)	(22,509)	-	-
Government Grants Fund	-	55,440	(55,440)	-	-	-
School fund	14,683	89,206	(77,119)	-	-	26,770
Pension reserve	(758,000)	-	(99,000)	-	195,000	(662,000)
	(705,362)	2,737,913	(2,744,703)	(22,509)	195,000	(539,661)
Restricted fixed asset funds						
DfE/ESFA capital grants	311,134	445,751	(41,764)	-	-	715,121
Local Authority expansion funding	930,899	-	(15,162)	22,509	-	938,246
Capital expenditure from GAG & other income	143,699	-	(50,339)	-	-	93,360
Assets inherited on conversion	5,721,355	-	(100,440)	-	-	5,620,915
	7,107,087	445,751	(207,705)	22,509	-	7,367,642
Total restricted funds	6,401,725	3,183,664	(2,952,408)	-	195,000	6,827,981
Total of funds	6,553,498	3,247,765	(3,045,188)	-	195,000	6,951,075

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.

Government Grants comprise of various grants awarded for specific projects, in particular to boost standards of attainment. Grants include Pupil Premium funding which is intended to support education for pupils from a disadvantaged background.

SEN funding includes funding provided for pupils with Statements of Special Educational Needs and is used by the academy to assist with providing the necessary support for the pupils education.

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NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

Devolved capital funding is that provided to academies to use as it sees fit in areas such as improvements to buildings or facilities, or the repair or refurbishment of such.

Other capital grants are provided to the academy based on specific bids for individual projects.

Other income comprises various other receipts including school meals. The income is classed as restricted or unrestricted based on the nature of the income.

The pension reserve arises from the actuarial measurement of the Academy's share of the Local Government Pension Scheme deficit. This deficit is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the school in the restricted pension fund. The amount included in resources expended represents the pension cost for the year charged to income and expenditure that arises from actuarial calculations of service cost rather than employer contributions paid. Actuarial gains and losses that arise from changes in assumptions by the actuary or wider influences are shown in the restricted pension fund, the movement this year being a net £2,986,601 actuarial increase in the net pension fund deficit.

Restricted fixed asset funds represent monies received in respect of and spent on fixed assets. This includes assets inherited on conversion. The total of resources expended within this fund include the depreciation charge for the year. The transfers figure is the amount of other funds used to acquire fixed assets.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	7,070,394	7,070,394
Current assets	119,643	271,245	300,699	691,587
Creditors due within one year	-	(140,389)	-	(140,389)
Creditors due in more than one year	-	(8,517)	-	(8,517)
Provisions for liabilities and charges	-	(662,000)	-	(662,000)
	<u>123,094</u>	<u>(539,661)</u>	<u>7,367,642</u>	<u>6,951,075</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net income for the year (as per Statement of Financial Activities)	202,577	58,218
Adjustment for:		
Depreciation charges	207,705	207,391
Dividends, interest and rents from investments	(238)	(475)
(Increase)/decrease in debtors	(307,263)	(21,451)
Decrease in creditors	(34,965)	(21,930)
Capital grants from DfE and other capital income	(445,751)	(240,258)
Defined benefit pension scheme cost less contributions payable	83,000	30,000
Defined benefit pension scheme finance cost	16,000	15,000
Net cash (used in)/provided by operating activities	(278,935)	26,495

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash at bank	323,126	327,084
Total	323,126	327,084

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 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 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 by the Secretary of State under the Funding Agreement.

22. PENSION COMMITMENTS

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

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

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22. PENSION COMMITMENTS (continued)

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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 is currently underway based on April 2016 data, 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 £205,000 (2016 - £189,000).

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

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.

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22. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the Year ended 31 August 2017 was £126,000 (2016 - £114,000), of which employer's contributions totalled £98,000 (2016 - £89,000) and employees' contributions totalled £28,000 (2016 - £25,000). The agreed contribution rates for future years are 21.3 - 21.8% for employers and 5.5 - 8.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Rate of increase in salaries	2.70 %	3.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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

	2017	2016
Retiring today		
Males	22.4	22.4
Females	24.5	24.3
Retiring in 20 years		
Males	24.0	24.4
Females	26.2	26.8

	At 31 August 2017 £	At 31 August 2016 £
Sensitivity analysis		
Discount rate +0.1%	55,000	48,000
Discount rate -0.1%	(55,000)	(48,000)
Mortality assumption - 1 year increase	52,000	52,000
Mortality assumption - 1 year decrease	(52,000)	(52,000)
CPI rate +0.1%	7,000	19,000
CPI rate -0.1%	(7,000)	(19,000)

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22. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	789,000	743,000
Corporate bonds	208,000	96,500
Property	125,000	96,500
Cash and other liquid assets	263,000	29,000
Total market value of assets	<u>1,385,000</u>	<u>965,000</u>

The actual return on scheme assets was £22,000 (2016 - £29,000).

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

	2017 £	2016 £
Current service cost	(181,000)	(119,000)
Net interest cost	(16,000)	(15,000)
Total	<u>(197,000)</u>	<u>(134,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	1,723,000	1,094,000
Current service cost	181,000	119,000
Interest cost	38,000	44,000
Employee contributions	28,000	25,000
Actuarial losses	82,000	442,000
Benefits paid	(5,000)	(1,000)
Closing defined benefit obligation	<u>2,047,000</u>	<u>1,723,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening fair value of scheme assets	965,000	720,000
Interest income	22,000	29,000
Actuarial gains	277,000	103,000
Employer contributions	98,000	89,000
Employee contributions	28,000	25,000
Benefits paid	(5,000)	(1,000)
	<u>1,385,000</u>	<u>965,000</u>
Closing fair value of scheme assets		

23. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	5,364	5,364
Between 1 and 5 years	2,682	8,045
	<u>8,046</u>	<u>13,409</u>
Total		

24. MEMBERS' LIABILITY

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

25. RELATED PARTY TRANSACTIONS

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

During the year the Academy hired facilities on behalf of the school and others from K A Facilities Ltd, a company in which Isabel Turner, a governor is employed, at a cost (before contributions from other users) of £165 (2016: £444). Other schools using the facility contributed towards the cost of this hire.