

Registered number: 04233659 (England & Wales)

**THE GARRARD ACADEMY
(PREVIOUSLY NAMED BEXLEY BUSINESS ACADEMY LIMITED)**
(A company limited by guarantee)

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

WEDNESDAY



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THE GARRARD ACADEMY
(A company limited by guarantee)

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

Sponsor

The Garrard Family Foundation

Members

Sir David Garrard
Tim Garnham (ceased 1 September 2016)
Andrew Rosenfeld (ceased 8 February 2015)

Trustees / Governors

R Elms	Chair until 21 September 2016, Vice Chair from 21 September 2016
N Greenwood	Vice Chair, resigned as governor July 2016
C Bere	From August 2016
P Chandler	Resigned January 2016
L Famubode	Parent Governor
T Garnham	Resigned September 2016
P Harrison	From August 2016
S Imbert	
L Knights	Chair from 21 September 2016
J McMahon	Staff Governor from June 2016
J Morris	Staff Governor until June 2016
M Ogundayo	
F Ogunde	Staff Governor
V Smiley	From June 2016
R Walker	Staff Governor

Company secretary Olswang Cosec Ltd

Senior Management Team:

Principal	N Fallon from 1 January (M Pinchin to 31 December)
Deputy principal Secondary	N Fallon until 31 December. Vacant to 31 August
Deputy principal Primary	M Dunne from 1 April 2016 (R Michalski to 31 March)
Director of finance	D Hughes
Director of external affairs and administration	S Elms, until 21 October 2016

Company Name **The Business Academy Bexley Limited.**
Renamed The Garrard Academy 13 September 2016

Principal and registered office

Yarnton Way, Erith, DA18 4DW

Company registered number

04233659 (England & Wales)

Independent auditors

MHA MacIntyre Hudson, 31 St Georges Place, Canterbury, Kent, CT1 1XD.

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REFERENCE AND ADMINISTRATIVE DETAILS
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Bankers

Barclays Bank, 1 Churchill Place, London E14 5HP.

Solicitors

Browne Jacobson LLP, Mowbray House, Nottingham, NG2 1BJ.

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The trustees present their annual report together with the financial statements and auditors' reports of the charitable company for the year ended to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates an academy for pupils aged 4 to 18, serving a catchment area in Thamesmead in the London Borough of Bexley. This comprises primary, secondary and sixth form provision on a combined site, with a separate vocational construction facility in Crayford.

At the October 2015 school census, the Academy had 1493 students:

- 582 primary students (key stages 1 and 2)
- 768 secondary students (key stages 3 and 4)
- 143 students in sixth form (key stage 5)

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of The Business Academy Bexley Limited are also the directors *and governors* of the charitable company for the purposes of company law. The charitable company is known as Bexley Business Academy. The Trust also has a subsidiary company, Bexley Business Academy Education Services Ltd, which is currently dormant.

Details of the trustees who were in place at the time the trustees report was approved are listed in the Reference and Administrative Details on page 1. Trustees and governors who served during the year are included within the governance statement.

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.

Method of Recruitment and Appointment or Election of Trustees

The Articles of Association and Funding Agreement allow for:

- The sponsor to appoint up to 6 governors. There are currently 3 governors appointed directly;
- Other governors to be elected or co-opted by the existing Board.
- Appointment of 1 parent and up to 2 staff governors. The terms of reference approved by governors provides for this to be done by election of the representative group.
- The Secretary of State to appoint a governor. The Department for Education has not exercised this right during the reporting period.

The Principal is an ex-officio governor, but not a director or trustee. With the exception of governors appointed by either the sponsor or the Secretary of State, governors serve a term of four years, and can offer themselves for re-election at the end of that period.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Policies and Procedures Adopted for the Induction and Training of Trustees

Training is offered to governors, by way of internal presentations and access to relevant external courses or conferences. The Academy is currently developing a formal induction programme for governors, but all governors have been provided with an explanation of their role, the terms of reference for committees, and relevant guidance and framework documentation developed by the Department for Education (DfE), including the Financial Handbook for Academies. A programme of visits to the Academy is agreed with each governor.

Organisational Structure

Governors are responsible for the strategic direction of the Academy, and the Principal is responsible for the delivery of the strategy and the operation of the Academy.

Governors are also responsible for ensuring the Academy's funds are used only in accordance with the law, the articles of association, the funding agreement and the Financial Handbook for Academies published by the Education Funding Agency (EFA). Governors are trustees of the charity and directors of the company, and are therefore bound by the responsibilities and duties governed by the respective legislation.

Governors meet three to four times per year, and have also established a Finance and General Purposes Committee and a Standards Committee.

The trustees have designated the Principal as the Accounting Officer, who is accountable to Parliament for the proper conduct of the Academy, including achievement of value for money, and compliance with the regularity and propriety frameworks applicable to academies. This includes a personal responsibility for ensuring compliance with the EFA Academies Handbook and Funding Agreement requirements.

The governance structure operating within the Academy allows for the governors and the Principal to fulfil their respective responsibilities. In particular, the close working arrangement between the chair of governors and the Principal ensures collective and individual responsibilities converge appropriately.

The Academy operates a series of delegated financial authorities to ensure that budgetary responsibility is placed to ensure governors can fulfil their responsibility and, at the same time, the Academy executive can make appropriate decisions to operate the business efficiently and effectively. This includes thresholds, above which approval is required by the Finance and General Purposes Committee and the Board of Governors.

The Academy leadership is responsible for the internal organisation, management and control of the Academy. The team is also responsible for the implementation of all policies approved by governors.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

The sponsor, Sir David Garrard through his Garrard Family Foundation, provides support to the Academy and its trust, including significant, generous financial support. Sir David is not a governor, but does attend governor meetings in his capacity as sponsor and member. Sir David receives no remuneration or other benefit in return for his sponsorship, and has no individual voting rights. The Articles of Association allow for Sir David to appoint governors, as explained above, which he exercised on establishment of the Academy Trust and occasionally since in order to maintain an appropriate number of governors, with the approval of existing governors.

In September 2016, the academy changed its name to the Garrard Academy Trust, but has retained the same registration with Companies House. The academy continues to trade as the Business Academy Bexley pending transition to a multi academy trust.

Remuneration and pay policy

The members have no right to withdraw funds from the Academy through dividend or other call on reserves, and they do not receive any remuneration or other payment for their role. Trustees and governors receive no remuneration for their role as trustees; staff governors continue to receive their salary as an employee without additional allowance or benefit. Trustees may claim expenses in accordance with the general expenses policy in place for all staff.

The Principal is appointed by governors, and his salary is set by the governors on appointment. His performance management is overseen by the chair of governors, who employs an independent education specialist to assess the principal's performance. Annually, governors determine the principal's remuneration in accordance with his performance. All other staff are subject to the Academy's internal performance management system, and a remuneration committee sits annually to approve the performance pay for staff.

Related Parties and other Connected Charities and Organisations

The Academy is a single academy trust, encompassing both a primary and secondary school on a single site. The Academy is a sponsored academy; the Garrard Family Foundation only sponsors the Business Academy Bexley. The Academy is grant funded by the Department for Education.

No governors receive remuneration in respect of their duties as governors or trustees, other than expenses in line with the Academy expenses policy. No qualifying third party indemnity provision per Companies Act Section 236 is provided to directors, although general liability insurance has been obtained.

Notes 12 and 25 details all transactions with related and connected parties.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

OBJECTIVES AND ACTIVITIES

Objects and Aims

The Academy's objects are to provide all-through educational services to students from 4 to 19.

Objectives, Strategies and Activities

The sole activity of the company is the operation of the Academy to provide education for students of different abilities. The main objectives of the Academy are summarised below:

- To raise the standard of educational achievement and progress of all students;
- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- To improve the effectiveness of the Academy by continual review of the curriculum requirements;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements;
- To maintain close links with industry and commerce; and
- To conduct its business with the highest standards of integrity, probity and openness.

Public Benefit

In setting objectives and planning activities the Academy's Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The Academy is independently governed, but state funded, and provides education free at the point of delivery. The admissions policy is totally inclusive.

STRATEGIC REPORT

Primary Phase

The Primary phase of the Academy has undergone significant changes, a new Head of Primary was appointed in April 2016. A systematic review of policy and practice has led to improvements as recognised by external agencies such as the LA and the DFE. One example is the first data drop October 2016. Each individual class attended a progress review meeting with the Head of Primary. Both the class teacher and teaching assistant were in attendance. The review focussed on data, individual tracking, explored key indicators for underperforming groups. Intervention for individual students and cohorts where emerging patterns were identified.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Phonics

79% of children passed the Phonics Screening Check in 2016. National was 81%. National has gone up continually each year:

- 2014 – 74% (BAB – 71% -3%)
- 2015 – 77% (BAB – 73% -4%)
- 2016 – 81% (BAB – 79% -2%)

Key stage: 1

In 2016 attainment at BAB was above national.

Reading

- National 74%
- BAB 80% (+6%)

Writing

- National 65%
- BAB 74% (+9)

Maths

- National 73%
- BAB 82% (+9%)

Key stage 2:

Reading

- National 66%
- BAB 50%

Writing

- 75%
- BAB 78%

Maths

- 70%
- 66%

SP&G

- National 72%
- BAB

Combined

- National 53%
- BAB 39%

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TRUSTEES' REPORT (continued)
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Key Stage 4

The total number of students in the Year 11 cohort for this academic year was 142.

Our Key Stage 4 results were largely disappointing and narrowly failed to meet the government floor target for progress of -0.5 with an academy score of -0.53. The backdrop of an OFSTED report placing the school in special measures and having 25% of staff working on a supply basis had a massive impact on this. These matters have been addressed with the Post Ofsted action Plan being implemented and the school now being fully staffed with teachers on permanent contracts (there are currently only 3 vacancies in the Academy).

It is not surprising in these circumstances other performance indicators also saw a dip, with pupils gaining in A*-C in English and Maths at 43% from 49% in 2015. Pupils gaining 5 A*-C including English and Maths was a disappointing 34%. Pupils gaining 8 A*-C however consolidated the progress made from 2014 when it was 14% to 21% in 2016.

English increased their percentages from 2015 from 64% to 70.16% at Expected Progress and from 26.67% to 32.26% at More than Expected Progress. The 2016 percentages also just exceed National Statistics for 2015 of 69% Expected Progress and 30% at More Than Expected Progress. English significantly exceeded the Maths performance.

Maths is now being micro-managed: A*-C was 47% and A*-D was 78% this failure to convert had a massive impact (5A*-D grades was 62%). Current year 10 Maths grades show 55% A-C, 80% of students have prior data that suggests they can achieve a grade C. A new experienced Head of Key Stage 4 Maths is working with the raising standards leader on this. Maths is now fully staffed and progress in lessons this term has been good.

White British pupils, a key underperforming group are better in 2016 than in 2015 on 5A*-C including EN and MA (up 8%, from 18% to 26%), on 5A*-C (up 4%, from 26% to 30%), on 5A*-G (up 11%, from 64% to 76%) They still are massive under-achievers however with a P8 score of -1.24. Minority Ethnic Groups performed well above White British students both in grades and Progress, with Progress 8 score of +0.12 against White British -1.24. Black African students had the highest Progress 8 score of 0.878+

However the gap between Free School Meals and Non Free School Meals and Pupil Premium and Non Pupil Premium students widened.

Pupil Premium continues to be a priority with the gap having got 3% greater, SLT member with this responsibility has been appointed and much more closely monitored interventions are now happening, all staff have a seating plan where pupil premium students are identified and all QA activities prioritise their progress.

Key Stage 5

Key Stage 5 outcomes in Year 13 in 2015 were the best the Academy had ever seen, Year 13 A2 results remained broadly in line with last year. 84% had an A-E with 38% gaining an A-C grade.

Year 13 BTEC grades again had 100% pass with 53% gaining a Distinction or Distinction*

Year 12 AS grades showed a considerable jump to 64% A-E (a rise by 16%)

Year 12 BTEC has also got 100% pass with 32% currently on a Distinction or better (again 12% higher than last year).

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future.

Last year, governors reported the activities that had been undertaken to preserve the Academy's going concern, which culminated in deficit and restructuring funding from the EFA between March and December 2014. In total, £1.045 million additional funding was provided, and Trustees have agreed a schedule of repayments over a period up to 2021-22.

The EFA issued a Financial Notice to Improve in November 2014, which included actions and limits under which we must operate. We have complied with these requirements, and have implemented a financial recovery plan that underpins this expectation of going concern. Our financial position has improved markedly since that point, and we have repaid instalments to EFA in line with the agreed schedule. Before taking account of that liability, we had net current assets at 31 August 2016. Since that point, we have continued to meet our financial obligations and the conditions of the deficit funding.

However, the Governors decided in June that the interests of the Academy, its staff and students would be best served by joining a multi-academy trust, and the sponsor has been in discussion with the Department for Education regarding the identification of a suitable Multi-Academy Trust and the transfer of the Academy's business as a going concern to such an organisation. Governors anticipate completing the transfer for the start of the 2017-2018 academic year.

The business of the academy will transfer as a going concern into a multi-academy trust, with the primary and secondary sections continuing to provide education to local students under a Supplementary Funding Agreement with the Education Funding Agency. Once the transition of staff, students, assets and liabilities has been completed, the existing Charitable company will be wound up, with the schools continuing as an operating unit of the multi academy trust.

The Charitable company is therefore not a going concern, however there is no change to the valuation of assets or liabilities as a result. There will be no consideration paid to the company, governors or members for the acquisition of the Academy.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

FINANCIAL REVIEW

During this year, we have delivered a surplus and made significant inroads against our net liability position. Excluding the non-cash adjustments required to reflect the revised accounting for the photocopying leases described below, our results show for unrestricted funds:

£000	2015-16	2014-15
Revenue	9,413	9,754
Expenditure	8,959	9,317
Surplus	455	437

This has allowed us to improve our balance sheet position: At 31 August, net current assets had risen to £459,000 (August 2015: £94,000). This includes the short term impact of the EFA deficit and the accounting for the photocopier contract as a finance lease.

Together with improved financial management, budgetary discipline and governor oversight of finances, this turn around has been underpinned by deficit funding from the EFA, which is repayable over the period to 2021-2022, interest free. However, we also conducted a restructuring and cost-reduction exercise in 2014-2015 to eliminate the deficit and to manage cashflow. We now have a stable financial foundation to help us meet the upcoming challenges in the sector.

We received £702,000 of deficit funding in 2013-14, and a further £243,000 in 2014-15. In addition, we received £120,000 to fund a restructuring exercise. The total received from EFA over the two years was £1,045,000. We have agreed to repay at least £790,000 over the period 2014-15 to 2021-22 as student numbers increase, with further payment subject to discussion depending on our financial results. Income has been released to the SOFA where it matches expenditure (restructuring), with a corresponding long term debt for the deficit funding in the balance sheet.

As a result of the request for deficit funding, EFA issued a Financial Notice to Improve. This followed the development of a Financial Recovery Plan, which the Academy is adhering to. The EFA required the Academy to address the cumulative deficit and cashflow positions, and to deliver a sustainable financial model, including balanced budgets, moving forward. We have implemented our financial plan, and we are ahead of schedule in terms of delivering a sustainable financial model. We face a challenging two years before student numbers start to rise again consistently, but now have plans in place to manage through that period, and establish a platform on which to build in the future.

The EFA also required the Academy to develop an action plan to ensure strong governance and oversight is in place. Governors held an independently-facilitated review of governance in January 2014, and a follow-up in the spring of 2016. This has shown marked improvement in governance, including the appointment of new governors with specific skills, a restructuring of the governor committees, access to training for governors, and enhanced data for governors. The financial notice to improve remains in place pending transition to the multi academy trust.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Reserves Policy

The Trust has negative unrestricted reserves. It has agreed a financial plan with EFA to eliminate this deficit by 2017-18, excluding deficit funding. We have already met this target. On repayment of the deficit funding balance by 2021-22, the Academy will have developed a self-sustainable financial position. The deficit is being managed by, initially, applying a rigorous cost-saving programme, and then delivering small surpluses to reduce the deficit. This will be achieved as student numbers rise.

The deficit on the pension fund relates to the Academy's share of the obligations under the Local Government Pension Scheme (LGPS). Any cashflows as a result of this deficit occur over a number of years, as determined by the Pensions Administrator, through employer contributions. Parliament has agreed, with effect from 18 July 2013, that, in the event of an academy closure, outstanding LGPS liabilities would be met by the Department for Education.

At 31 August 2016 total Academy funds comprised:

Unrestricted	£(1,683,390)
Restricted:	
Fixed asset funds	£26,931,853
Pension reserve	£(2,275,000)
Government Funding	£634,000
Other restricted funds	£584,257
	<u>£24,191,720</u>

Government grant is taken to a restricted fund. In previous years, where a deficit has occurred, a transfer from unrestricted funds has been made to this government grant (GAG) reserve to cover those deficits (as a deficit cannot be made against a restricted fund). The deficit on the unrestricted funds reflects therefore cumulative deficit brought forward, with in-year movement relating to activities on unrestricted income (donations and commercial activities).

Investment Policy

The Memorandum of Association enables the Academy to "invest the monies of the Trust not immediately required... in such investments, securities or property as may be thought fit [by governors]". As the Academy's current funding is mainly by way of revenue grant from EFA, this is applied to the provision of education for that year, there are no surpluses to invest longer term.

Short term cash surpluses are put on overnight deposit. Government grant is payable monthly, and governors have determined that the Academy should seek to build and maintain adequate short term instant-access cash to enable it to manage immediate liabilities between grant payments

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Principal Risks and Uncertainties

The Trustees regularly review the risks faced by the Academy, and the systems of governance in place to manage and monitor those risks. The Finance and General Purposes Committee of Governors considers the risk register regularly across the following areas of risk:

- Academic achievement and progression;
- Safeguarding and student safety;
- Financial;
- Health and safety;
- Facilities and premises;
- Governance; and
- Human resources

The principal risks and uncertainties faced by the Academy:

- Student numbers. Funding is linked directly to student numbers, and so the Academy models future intakes using the local authority commissioning plans. The secondary school can accommodate up to 1350 students, but currently has 837 (October 2016 census day), and this creates pressure on funding. Primary now has three form of entry throughout, reflecting the local population numbers within this age group – those additional numbers will reach secondary age from 2017-18. The recent Ofsted inspection outcome has dented student numbers, but we are making rapid progress in developing the education within the primary and secondary sections, and we expect student numbers to improve over the next few years. Nonetheless, this remains a critical risk.
- Delivering an appropriate standard of education. Ofsted rated the Academy as inadequate in May 2016. At that point, the Academy had already identified a series of developmental needs, but had not been able to show tangible progress in the period since January 2016. The Academy has a comprehensive post-Ofsted action plan to raise standards consistently across all categories within all sections of the school. We are regularly inspected and monitored, and have already shown significant improvement in the period to November 2016. We are on track to raise the standards within the two year timeframe agreed with the Department for Education, but the rating and findings has had a reputational and operational impact on the Academy, and so development remains a risk.
- Academic results. The Academy is on an upwards trajectory for attainment across all key stages, but results and progress are below the level we believe we can achieve. The Academy will need to show sustained improvement in results to satisfy the requirements of the Department for Education, and we have developed a plan for delivering sustainable exam results and student progression.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

- **Funding levels.** The Academy is funded by grant from government, who have undertaken to maintain grant per student at current cash levels. This creates strain on budgets as expenditure is subject to general and wage inflation. The Academy has prepared long term financial forecasts in order to identify and manage those challenges.

Financial instruments

The Academy has created a solid and stable foundation to tackle the challenges ahead after a period of transition and financial difficulty. This is overseen by governors (trustees), and the Academy is regularly monitored by the EFA and DfE.

The Academy's financial instruments are largely limited to day-to-day creditors and debtors. Cash is held in instant access accounts, and the Academy is not exposed to any significant risk in these areas. The Academy holds two debt instruments of note:

- A deficit funding balance with EFA. This is interest free, and repayable over the period to 2021-22 and;
- A loan relating to our photocopiers and multi-function devices, which was restructured during the financial year. This is explored in the prior period adjustment note.

Neither instrument is secured on Academy assets, and repayments are factored into the Academy's balanced budgets. The deficit funding has allowed the Academy to manage its exposure and financial risk, and the restructuring of the lease payments for the photocopiers is part of the strategic financial plan to manage the cashflow risk. In the longer term, the Academy is building sustainable internal reserves to avoid the need for external debt instruments, in line with the EFA's Academies Financial Handbook. The Academy plans a sustainable net current asset position before taking account of the deficit funding by August 2017, and to remove the deficit funding by August 2022. The photocopier loan will be extinguished by April 2018.

PLANS FOR FUTURE PERIODS

The Academy is on an upward path. The financial position has been stabilised, and there has been significant progress since the Ofsted inspection to address the underlying education issues. The Academy is subject to periodic inspections from both the Department for Education and Ofsted of progress against its development plan. Governors determined in June 2016 that this would be best served through joining a multi academy trust (MAT), and the sponsor started discussions with the Department for Education to identify a suitable MAT partner to support this further development. It is likely that a transfer to a MAT will take place for the start of the 2017-18 academic year, and negotiations continue with the Department with a view to transferring the Academy as a continuing, single organisation into a MAT. This will mean continued delivery of all-through education on the Yarnton Way site.

At the point of signing these accounts, negotiations continue and no final position has been reached regarding the MAT that the academy will join.

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TRUSTEES' REPORT (continued)
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FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy holds 16-19 bursary funds, which are provided by the EFA for payment to post 16 students who meet the eligibility criteria. This is part of the overall post 16 funding, and balances held at 31 August are shown in the balance sheet. No other funds are held on behalf of others.

Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- 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 trustees have re-appointed MHA Macintyre Hudson as auditors for the 2016-17 financial year.

The Trustees' Report, incorporating a Strategic Report, was approved by order of the board of trustees, as the company directors, on **22 December 2016** and signed on the board's behalf by:



Lewis Knights

Chair of Trustees

22 December 2016

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, the governors acknowledge we have overall responsibility for ensuring that The Garrard 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 board of trustees has delegated the day-to-day responsibility to the Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Garrard Academy and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
R Elms (Chairman)	4	4
T Garnham	3	4
P Chandler	0	1
L Famubode (parent governor)	3	4
N Greenwood	4	4
S Imbert	3	4
L Knights	4	4
J Morris* (staff governor)	3	3
M Ogundayo	3	4
F Ogunde* (staff governor)	4	4
R Walker* (staff governor)	4	4
C Bere	1	1

*specifies those governors who are remunerated in their capacity as employees of the Academy

The governors are also trustees of the trust and directors of the Academy for the purposes of company law. The principal is an ex-officio governor, but is not a director or trustee.

Governors initiated an externally-facilitated workshop to assess effectiveness and compliance in January 2015, as part of the Academy's development of governance. Critical actions to arise from that evaluation include:

- Development of a five year strategy for the Academy, and this forms the basis of the future developments section within the trustees' report. This has been delivered in the form of a Post-Ofsted Action Plan with associated investment strategies, together with a decision to join a multi academy trust to provide the support and longer term strategic direction for the academy;
- A skills audit, and implementation of support for governors. Training is now provided for governors, and trustees have appointed an accountant to the Board to provide financial expertise;

Governors conduct an annual review of progress and effectiveness to monitor development. This included a second independent review in March 2016 to evaluate progress. This review identified significant progress, but governors accept there remain areas for further development around data quality and performance reviews for governors. This is being implemented for 2016-17.

No trustee received remuneration from the Academy in respect of their duties as a trustee during the period. No qualifying third party indemnity provision per Companies Act Section 236 is provided to directors, although general liability insurance was obtained for the period. Expenses are payable in line with the general Academy

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GOVERNANCE STATEMENT (continued)

expenses policy.

The Finance and General Purposes Committee is a sub-committee of the main board of trustees. Its purpose is to consider and advise the governing body on matters relating to finance, premises and personnel. This includes health and safety.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
L Knights (chair)	3	3
R Elms	3	3
N Greenwood	2	3
F Ogunde	2	3

The Finance and General Purposes Committee has delegated responsibility from the Board for financial scrutiny and oversight, and is normally attended by the Principal, as Accounting Officer, and the Finance Director. This committee also fulfils the role of audit committee, and the auditors are invited annually to present the outcome of their audit and findings.

During the year, it monitored our financial position and advised the Board on financial issues. The recovery plan and issues around the Financial Notice to Improve were dealt with primarily through the main Board of Governors.

The Standards Committee was established during the year, and is also a sub-committee of the main board of trustees. Its purpose is to consider and advise the governing body on matters relating to curriculum, quality and standards.

This committee was established following the governors' review of the effectiveness and governance, and it meets termly to scrutinise education issues.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
R Elms (chair)	3	3
J Morris	3	3
M Ogundayo	3	3
F Ogunde	3	3
R Walker	3	3
S Imbert	2	3

REVIEW OF VALUE FOR MONEY

As accounting officer, the Principal has responsibility for ensuring that the Academy delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received, and has specific reference to:

- the economic, efficient and effective use of all the resources in their charge;
- the avoidance of waste and extravagance;
- the prudent and economical administration of the organisation;
- the establishment and maintenance of a system of financial governance, including sound internal spending controls, keeping up to date financial records, continuous financial monitoring and timely reporting; and
- ensuring all financial transactions represent value for money

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

THE GARRARD ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

delivered improved value for money during the year by focussing resources on the Academy's strategic objectives. Examples include:

- Restructuring the senior leadership team to provide clearer roles and responsibilities, driven by the Academies priorities and strategies;
- Developing a more efficient secondary curriculum model to allow effective deployment of resource to teaching and learning objectives;
- Introduction of structured curriculum in primary to better meet national curriculum requirements and Academy priorities;
- Developing teaching and learning and underlying systems to focus on educational achievement and progress. This has included setting clearer expectations throughout the Academy, and further developing performance management, as well as improving data quality to allow better targeting of individual students' needs;
- Applying rigorous budgetary and financial management policies to deliver balanced budgets, for example, through adopting a risk-based evaluation of need for maintenance, and market testing suppliers. This has included using government frameworks to access better supplier rates, and the development of IT and capital investment plans.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

There was a change of principal during 2015-16. Governors oversaw the transition to manage the risks and to ensure that the Academy has the capacity to handle the risk and to develop the strategic direction of the Academy. This has included establishment of a Standards sub-committee, and clarification on the terms of reference for all committees. In addition, new governors have been appointed to ensure that the Board has the skills and experience to conduct its role effectively.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure

THE GARRARD ACADEMY

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GOVERNANCE STATEMENT (continued)

- programmes;
regular reviews of educational performance, including the setting of targets and the monitoring of management information
- setting targets to measure financial and other performance;
 - clearly defined purchasing guidelines.
 - delegation of authority and segregation of duties;
 - identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed MHA MacIntyre Hudson, the external auditors, to perform additional checks.

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

- bank transactions and reconciliations
- payroll
- purchasing
- accounting system review

On completion of work, the reviewer reports to the board of trustees, through the finance and general purposes committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. There were no issues of significance identified by the auditors in relation to 2015-16.

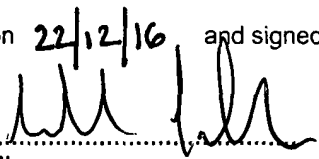
REVIEW OF EFFECTIVENESS

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

- the work of the external auditors;
the work of the auditor;
the work of the governors' finance sub-committee, which scrutinises financial issues; and
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

Approved by order of the members of the board of trustees on 22/12/16 and signed on their behalf, by:


.....
L Knights
Chair of Trustees


.....
N Fallon
Accounting Officer

THE GARRARD ACADEMY
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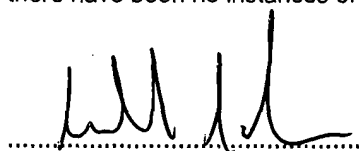
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

During the period covered by this report, we have complied with the terms of the Financial Notice to Improve and there have been no instances of non-compliance with the Financial Handbook.



Niall Fallon
Accounting Officer

Date: 22-12-16

THE GARRARD ACADEMY
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**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016**

The trustees (who act as governors of Bexley Business Academy Limited and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the the Trustees' Report (incorporating the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

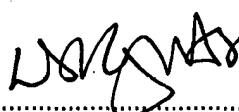
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements 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 EFADfE 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 22/12/16 and signed on its behalf by:


.....
L Knights
Chair of Trustees

THE GARRARD ACADEMY
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE GARRARD ACADEMY

We have audited the financial statements of The Garrard Academy for the year ended 31 August 2016 which comprise the Statement of Financial Activities incorporating income and expenditure account, the Balance sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

THE GARRARD ACADEMY
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE GARRARD ACADEMY

EMPHASIS OF MATTER- GOING CONCERN

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of disclosure concerning the charitable company's going concern status. We highlight that note 1.5 details the conditions relating to the charitable company's going concern status.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Duncan Cochrane-Dyet FCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants

Statutory Auditors

31 St George's Place

Canterbury

Kent

CT1 1XD

Date: 31 December 2016

THE GARRARD ACADEMY
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INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO THE GARRARD ACADEMY AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 19th August 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Garrard Academy during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF THE GARRARD ACADEMY'S ACCOUNTING OFFICER AND THE REPORTING AUDITORS

The accounting officer is responsible, under the requirements of The Garrard Academy's funding agreement with the Secretary of State for Education dated December 2001, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

CONCLUSION

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

THE GARRARD ACADEMY
(A company limited by guarantee)

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO THE GARRARD ACADEMY AND THE EDUCATION FUNDING AGENCY (continued)

Reporting Accountant

MHA MacIntyre Hudson
MHA MacIntyre Hudson

Chartered Accountants

31 St George's Place
Canterbury
Kent
CT1 1XD

Date: *31 December 2016*

THE GARRARD ACADEMY
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted funds - fixed assets 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	-	53,056	36,290	89,346	103,275
Charitable activities	3	-	9,149,212	-	9,149,212	9,343,781
Other trading activities	4	60,043	211,239	-	271,282	306,196
Investments	5	2,068	-	-	2,068	408
TOTAL INCOME		62,111	9,413,507	36,290	9,511,908	9,753,660
EXPENDITURE ON:						
Charitable activities		40,280	8,958,582	1,007,993	10,006,855	10,225,877
TOTAL EXPENDITURE	8	40,280	8,958,582	1,007,993	10,006,855	10,225,877
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	18	21,831	454,925	(971,703)	(494,947)	(472,217)
		-	(19,745)	19,745	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		21,831	435,180	(951,958)	(494,947)	(472,217)
Actuarial losses on defined benefit pension schemes	22	-	(1,468,000)	-	(1,468,000)	(124,000)
NET MOVEMENT IN FUNDS		21,831	(1,032,820)	(951,958)	(1,962,947)	(596,217)
RECONCILIATION OF FUNDS:						
Total funds brought forward		(1,705,221)	(23,923)	27,883,811	26,154,667	26,750,884
TOTAL FUNDS CARRIED FORWARD		(1,683,390)	(1,056,743)	26,931,853	24,191,720	26,154,667

THE GARRARD ACADEMY

(A company limited by guarantee)

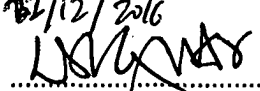
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BALANCE SHEET

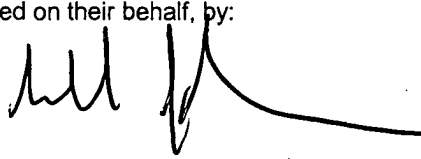
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	14		26,931,853		27,883,811
CURRENT ASSETS					
Debtors	15	462,263		390,278	
Cash at bank and in hand		1,481,648		809,401	
		<u>1,943,911</u>		<u>1,199,679</u>	
CREDITORS: amounts falling due within one year	16	<u>(1,484,422)</u>		<u>(1,105,562)</u>	
NET CURRENT ASSETS			<u>459,489</u>		<u>94,117</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>27,391,342</u>		<u>27,977,928</u>
CREDITORS: amounts falling due after more than one year	17		<u>(924,622)</u>		<u>(1,134,261)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>26,466,720</u>		<u>26,843,667</u>
Defined benefit pension scheme liability	22	(2,275,000)			(689,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>24,191,720</u></u>		<u><u>26,154,667</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	18	(1,056,743)		(23,923)	
Restricted funds - fixed assets	18	<u>26,931,853</u>		<u>27,883,811</u>	
Total restricted income funds			<u>25,875,110</u>		<u>27,859,888</u>
Unrestricted income funds	18		<u>(1,683,390)</u>		<u>(1,705,221)</u>
TOTAL FUNDS			<u><u>24,191,720</u></u>		<u><u>26,154,667</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 22/12/2016 and are signed on their behalf, by:


 L Knights
 Chair of Trustees

22/12/16



The notes on pages 28 to 53 form part of these financial statements.

THE GARRARD ACADEMY
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	20	<u>689,924</u>	<u>693,030</u>
Cash flows from investing activities:			
Interest on deposits		2,068	408
Purchase of tangible fixed assets		<u>(19,745)</u>	<u>3,018</u>
Net cash (used in)/provided by investing activities		<u>(17,677)</u>	<u>3,426</u>
Change in cash and cash equivalents in the year		672,247	696,456
Cash and cash equivalents brought forward		<u>809,401</u>	<u>112,945</u>
Cash and cash equivalents carried forward	21	<u><u>1,481,648</u></u>	<u><u>809,401</u></u>

THE GARRARD ACADEMY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

The Garrard Academy constitutes a public benefit entity as defined by FRS 102.

The Financial Statements are prepared in £ sterling, the functional currency, rounded to the nearest £1.

First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

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

1.2 Fund accounting

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

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

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

THE GARRARD ACADEMY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

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.

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

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

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

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

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.

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

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

All resources expended are inclusive of irrecoverable VAT.

THE GARRARD ACADEMY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.5 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.

Last year, trustees reported the activities that had been undertaken to preserve the Academy's going concern, which culminated in deficit and restructuring funding from the EFA between March and December 2014. In total, £1.045 million additional funding was provided, and Trustees have agreed a schedule of repayments over a period up to 2021-22.

The EFA issued a Financial Notice to Improve in November 2014, which included actions and limits under which we must operate. We have complied with these requirements, and have implemented a financial recovery plan that underpins this expectation of going concern. Our financial position has improved markedly since that point, and we have repaid instalments to EFA in line with the agreed schedule. Before taking account of that liability, we had net current assets at 31 August 2016. Since that point, we have continued to meet our financial obligations and the conditions of the deficit funding.

However, the Trustees decided in June that the interests of the Academy, its staff and students would be best served by joining a multi-academy trust, and the sponsor has been in discussion with the Department for Education regarding the identification of a suitable Multi-Academy Trust and the transfer of the Academy's business as a going concern to such an organisation. Trustees anticipate completing the transfer for the start of the 2017-2018 academic year.

The business of the academy will transfer as a going concern into a multi-academy trust, with the primary and secondary sections continuing to provide education to local students under a Supplementary Funding Agreement with the Education Funding Agency. Once the transition of staff, students, assets and liabilities has been completed, the existing Charitable company will be wound up, with the schools continuing as an operating unit of the multi academy trust.

The Charitable company is therefore not a going concern, however there is no change to the valuation of assets or liabilities as a result. There will be no consideration paid to the company, governors or members for the acquisition of the Academy.

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 with an expected useful life exceeding one year are capitalised.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	2% straight line basis
Motor vehicles	-	25% reducing balance basis
Fixtures and fittings and equipment	-	20% straight line basis
Computer equipment	-	33.3% straight line basis

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

1.8 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the academy. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of financial activities incorporating income and expenditure account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.9 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating income and expenditure account on a straight line basis over the lease term.

1.10 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.

1.11 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.

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**NOTES TO THE FINANCIAL STATEMENTS
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1. ACCOUNTING POLICIES (continued)

1.12 Liabilities and provisions

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

1.13 Financial instruments

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

1.14 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.

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**NOTES TO THE FINANCIAL STATEMENTS
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1. ACCOUNTING POLICIES (continued)

1.15 Pensions

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the academy.

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.16 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted funds - fixed assets 2016 £	Total funds 2016 £	Total funds 2015 £
Contributions received from The Garrard Family Foundation	-	52,355	-	52,355	74,164
Other donations	-	701	-	701	10,572
Capital grants	-	-	36,290	36,290	18,539
	<u>-</u>	<u>53,056</u>	<u>36,290</u>	<u>89,346</u>	<u>103,275</u>
Total donations and capital grants	-	53,056	36,290	89,346	103,275

In 2015, of the total income from donations and capital grants, £ NIL was to unrestricted funds and £103,275 was to restricted funds

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	8,249,811	8,249,811	8,395,078
Pupil Premium	-	696,670	696,670	721,000
Other DfE/EFA Grants	-	94,392	94,392	81,938
	-	9,040,873	9,040,873	9,198,016
Other government grants				
Local Authority Grants	-	108,339	108,339	145,765
	-	108,339	108,339	145,765
	-	9,149,212	9,149,212	9,343,781

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £9,343,781 was to restricted funds.

There are no unfulfilled conditions or other contingencies attached to the government grants above.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Catering income	-	1,745	1,745	1,901
Uniform sales	458	-	458	9,130
Nursery income	25,408	-	25,408	29,911
Other income	34,177	209,494	243,671	265,254
	60,043	211,239	271,282	306,196

In 2015, of the total income from other trading activities, £66,290 was to unrestricted funds and £239,906 was to restricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Interest on bank deposits	2,068	-	2,068	408

In 2015, of the total investment income, £ 408 was to unrestricted funds and £ NIL was to restricted funds.

6. SUPPORT COSTS

	Educational operations £	Total 2016 £	Total 2015 £
Defined benefit pension scheme finance cost	22,000	22,000	(71,000)
Premises costs	682,648	682,648	688,678
Governance costs (Note 7)	76,676	76,676	16,290
Other costs	304,233	304,233	265,471
Staff costs	1,057,536	1,057,536	1,171,783
	<u>2,143,093</u>	<u>2,143,093</u>	<u>2,071,222</u>

In 2016, of the total expenditure on support costs, £ NIL (2015 - £ NIL) was to unrestricted funds, £2,143,093 (2015 - £2,071,222) was to restricted general funds and £ NIL (2015 - £NIL) was to restricted fixed asset funds.

7. GOVERNANCE COSTS

	2016 £	2015 £
Auditors' remuneration- Audit of the financial statements	25,000	13,550
Auditors' remuneration- Other services	1,850	3,250
Governor costs	35,135	2,740
Salaries	14,691	15,035
Total	<u>76,676</u>	<u>34,575</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

8. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Activities:					
Direct costs	5,749,621	-	2,114,141	7,863,762	8,012,655
Support costs	1,072,227	704,116	366,750	2,143,093	2,121,222
	<u>6,821,848</u>	<u>704,116</u>	<u>2,480,891</u>	<u>10,006,855</u>	<u>10,133,877</u>

In 2016, of the total expenditure, £40,280 (2015 - £81,094) was to unrestricted funds and £9,966,295 (2015 - £10,052,783) was to restricted funds.

9. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2016 £	Support costs 2016 £	Total 2016 £	Total 2015 £
Educational operations	7,863,762	2,143,093	10,006,855	10,225,877

In 2016, of the total expenditure on charitable activities, £ 40,280 (2015 - £81,094) was to unrestricted funds, £8,958,582 (2015 - £9,033,298) was to restricted general funds and £1,007,993 (2015 - £1,111,485) was to restricted fixed asset funds.

10. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Auditors' remuneration - audit	25,000	13,550
Auditors' remuneration - other services	1,850	3,250
Operating lease rentals: plant and machinery	223,755	227,145
Depreciation	1,007,953	1,059,691
Loan interest	18,261	19,168

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**NOTES TO THE FINANCIAL STATEMENTS
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11. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	4,897,538	5,339,268
Social security costs	418,845	416,013
Operating costs of defined benefit pension schemes	781,241	756,778
	<u>6,097,624</u>	<u>6,512,059</u>
Supply teacher costs	633,532	364,817
Staff restructuring costs	76,001	196,391
Governance staff costs	14,691	15,035
	<u>6,821,848</u>	<u>7,088,302</u>

Staff restructuring costs comprise:

Redundancy payments	29,097	119,932
Payments in lieu of notice	46,904	57,488
Compromise agreements	-	18,971
	<u>76,001</u>	<u>196,391</u>

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

	2016 No.	2015 No.
Teaching staff	81	82
Teaching support	86	73
Management and administration	32	29
Other (including catering)	4	6
	<u>203</u>	<u>190</u>

Average headcount expressed as a full time equivalent:

	2016 No.	2015 No.
Teaching staff	80	82
Teaching support	74	73
Management and administration	24	28
Other (including catering)	4	6
	<u>182</u>	<u>189</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS
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11. STAFF COSTS (continued)

	2016 No.	2015 No.
In the band £60,001 - £70,000	0	3
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	1	1
In the band £90,001 - £100,000	3	0
In the band £100,001 - £110,000	0	1
In the band £120,001 - £130,000	0	1

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**NOTES TO THE FINANCIAL STATEMENTS
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11. STAFF COSTS (continued)

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 £868,481 (2015- £854,463).

12. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. These comprise the Principal and other staff Trustees who 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 these Trustees' remuneration and other benefits was as follows:

		2016 £	2015 £
M Pinchin (principal to 31/12/16)	Remuneration	80,000-85,000	125,000-130,000
	Pension contributions paid	5,000-10,000	15,000-20,000
J Pugh (staff trustee to 17/06/15)	Remuneration	N/A	20,000-25,000
	Pension contributions paid	N/A	Nil
R Walker (staff trustee)	Remuneration	50,000-55,000	45,000-50,000
	Pension contributions paid	5,000-10,000	5,000-10,000
F Ogunde (staff trustee)	Remuneration	45,000-50,000	40,000-45,000
	Pension contributions paid	5,000-10,000	5,000-10,000
J Morris (staff trustee from 11/06/15 to 10/05/16))	Remuneration	10,000-15,000	0-5,000
	Pension contributions paid	0-5,000	0-5,000
N Fallon (interim principal from 04/01/16)	Remuneration	70,000-75,000	N/A
	Pension contributions paid	10,000-15,000	N/A
J McMahon (staff trustee from 29/06/16)	Remuneration	5,000-10,000	N/A
	Pension contributions paid	Nil	N/A

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

13. TRUSTEES' AND OFFICERS' INSURANCE

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

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

	Freehold property £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 September 2015	36,325,548	55,811	8,434,468	44,815,827
Additions	-	-	56,035	56,035
At 31 August 2016	36,325,548	55,811	8,490,503	44,871,862
Depreciation				
At 1 September 2015	9,006,168	43,989	7,881,859	16,932,016
Charge for the year	726,511	2,956	278,526	1,007,993
At 31 August 2016	9,732,679	46,945	8,160,385	17,940,009
Net book value				
At 31 August 2016	26,592,869	8,866	330,118	26,931,853
At 31 August 2015	27,319,380	11,822	552,609	27,883,811

Ownership of the land was transferred to the Academy from the Local Authority on 2 May 2008. The Local Authority retains an option for a period of twenty one years from 2 May 2008 which would allow the repurchase of the land and buildings thereon for the sum of £1 if the activities of the Academy cease or if EFA funding is withdrawn. In view of this restrictive covenant, no value has been placed on the land.

15. DEBTORS

	2016 £	2014 £
Trade debtors	6,436	13,619
Other debtors	34,588	24,276
Prepayments and accrued income	421,239	352,383
	<u>462,263</u>	<u>390,278</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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16. CREDITORS: Amounts falling due within one year

	2016 £	As restated 2014 £
Trade creditors	375,040	325,785
Other taxation and social security	123,376	114,487
Other creditors	209,634	201,203
Accruals and deferred income	776,372	464,087
	<u>1,484,422</u>	<u>1,105,562</u>
	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	250,315	152,509
Resources deferred during the year	436,661	201,111
Amounts released from previous years	(250,315)	(103,305)
Deferred income at 31 August 2016	<u>436,661</u>	<u>250,315</u>

At the balance sheet date the Academy Trust was holding funds received in advance for EFA grants made up of Condition Improvement Fund, 16-19 Bursary, Infant FSM, PE Teachers grant, Summer school, Year 7 Catch Up, Reception Baseline Assessment and redundancy funding. In addition to this there were amounts deferred in relation to London Borough of Bexley Growth Fund, trips, donations from the Garrard Family Foundation, Flow Foundation, Jack Petchey and the Worshipful Company of Security, as well as PTA money.

Included within other creditors is a loan of £50,000 from the EFA. The EFA provided deficit funding to the Academy as part of the financial recovery plan. This is interest free, but repayable in quarterly instalments per an agreed plan over the period to May 2022. A further amount of £800,000 is included in amounts due after more than one year.

Included within other creditors is a loan of £159,634 from IBM. The loan was restructured in June 2015 and is an unsecured debt, repayable in equal quarterly instalments to April 2018. The APR is 5.15%.

**17. CREDITORS:
Amounts falling due after more than one year**

	2016 £	2015 £
Other loans	124,622	284,261
Other creditors	800,000	850,000
	<u>924,622</u>	<u>1,134,261</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

17. CREDITORS:
Amounts falling due after more than one year (continued)

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

	2016 £	2015 £
Repayable by instalments	<u>800,000</u>	<u>850,000</u>

Loans comprise a loan of £124,622 from IBM. The loan was restructured in June 2015 and is an unsecured debt, repayable in equal quarterly instalments to April 2018. The APR is 5.15%.

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**NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS

	Brought Forward As restated £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds - all funds	(1,705,221)	62,111	(40,280)	-	-	(1,683,390)
Restricted funds- general funds						
Pension reserve	(689,000)	-	(118,000)	-	(1,468,000)	(2,275,000)
General Annual Grant (GAG)	237,408	8,249,811	(7,941,181)	-	-	546,038
Restricted general funds	427,669	264,295	-	(19,745)	-	672,219
Pupil premium	-	696,670	(696,670)	-	-	-
Other DfE/EFA grants	-	94,392	(94,392)	-	-	-
Local Authority Grants	-	108,339	(108,339)	-	-	-
	(23,923)	9,413,507	(8,958,582)	(19,745)	(1,468,000)	(1,056,743)
Restricted funds - Fixed assets						
Fixed assets fund	27,883,811	36,290	(1,007,993)	19,745	-	26,931,853
Total restricted funds	27,859,888	9,449,797	(9,966,575)	-	(1,468,000)	25,875,110
Total of funds	26,154,667	9,511,908	(10,006,855)	-	(1,468,000)	24,191,720

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

The Unrestricted General Fund has been created to recognise the incoming and outgoing resources in respect of activities undertaken by the Academy Trust which fall outside the scope of its core activities.

Restricted general funds- These grants relate to the Academy's development and operational activities.

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the Academy Trust via the EFA by the DfE. The GAG fund has been established because the GAG must be used for the normal running costs of the Academy Trust.

The Pupil Premium fund has been established to recognise the restricted funding received from the Education Funding Agency to raise the attainment of disadvantaged pupils and close the gap between them and their peers.

The Other DfE/EFA Grants fund has been created to recognise the restricted funding received from the DfE/EFA which falls outside the scope of core funding.

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

The Local Authority Grants fund has been set up to recognise the income received from the London Borough of Bexley as a contribution towards the cost of the Academy Trust's revenue expenditure. Funding received for Special Educational Needs is also recognised within Local Authority Grants. These funds are to assist with the costs incurred providing disadvantaged students with the educational resources that they require.

Fixed assets fund- These grants relate to funding received from the EFA and sponsorship from the Garrard Education Trust to carry out works of a capital nature and for the purchase of fixed assets. Depreciation of tangible assets is allocated to this fund.

Pension reserve- The pension reserve relates to the Academy's share of the London Borough of Bexley Local Government Pension Scheme.

Under the funding agreement with the secretary of state, the Academy Trust was not subject to a limit on the GAG that it could carry forward at 31 August 2016.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted funds - fixed assets 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	26,931,853	26,931,853	27,883,811
Current assets	-	1,943,911	-	1,943,911	1,199,679
Creditors due within one year	(1,558,768)	74,346	-	(1,484,422)	(1,105,562)
Creditors due in more than one year	(124,622)	(800,000)	-	(924,622)	(1,134,261)
Provisions for liabilities and charges	-	(2,275,000)	-	(2,275,000)	(689,000)
	<u>(1,683,390)</u>	<u>(1,056,743)</u>	<u>26,931,853</u>	<u>24,191,720</u>	<u>26,154,667</u>

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NOTES TO THE FINANCIAL STATEMENTS
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20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(494,947)	(472,217)
Adjustment for:		
Depreciation charges	1,007,993	1,059,691
Interest from deposits	(2,068)	(408)
Decrease in stocks	-	6,041
(Increase)/decrease in debtors	(71,985)	117,459
Increase/(decrease) in creditors	169,221	(77,724)
Capital grants from DfE and other capital income	(36,290)	(54,812)
Defined benefit pension scheme	118,000	115,000
Net cash provided by operating activities	689,924	693,030

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	1,481,648	809,401
Total	1,481,648	809,401

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

22. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of Bexley. 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.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £437,203 (2015 - £402,634).

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FOR THE YEAR ENDED 31 AUGUST 2016**

22. PENSION COMMITMENTS (continued)

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.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £323,000 (2015 - £401,000), of which employer's contributions totalled £234,000 (2015 - £302,000) and employees' contributions totalled £89,000 (2015 - £99,000). The agreed contribution rates for future years are % for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	4.00 %
Rate of increase in salaries	3.30 %	3.80 %
Rate of increase for pensions in payment / inflation	1.90 %	2.30 %
Inflation assumption (CPI)	1.80 %	2.30 %

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

	2016	2015
Retiring today		
Males	23.2	23.1
Females	25.6	25.5
Retiring in 20 years		
Males	25.5	25.4
Females	28.5	28.4

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

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	3,332,000	2,497,000
Debt instruments	415,000	367,000
Property	599,000	489,000
Debtor	976,000	784,000
Cash	70,000	80,000
Total market value of assets	<u>5,392,000</u>	<u>4,217,000</u>

The actual return on scheme assets was £893,000.

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(316,000)	(390,000)
Net interest cost	(22,000)	(71,000)
Net interest income	-	-
Total	<u>(338,000)</u>	<u>(461,000)</u>
Curtailments and settlements	-	52,000

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

	2016 £	2015 £
Opening defined benefit obligation	4,906,000	4,230,000
Current service cost including curtailments	316,000	390,000
Interest cost	197,000	170,000
Contributions by employees	89,000	99,000
Actuarial losses	-	124,000
Changes in financial assumptions	2,186,000	(27,000)
Benefits paid	(27,000)	(80,000)
Closing defined benefit obligation	<u>7,667,000</u>	<u>4,906,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

22. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	4,217,000	3,780,000
Interest income	175,000	158,000
Curtailments and settlements	-	52,000
Contributions by employer net of curtailments	234,000	250,000
Contributions by employees	89,000	99,000
Changes in financial assumptions	718,000	(27,000)
Administrative expenses	(14,000)	-
Benefits paid	(27,000)	(80,000)
Administration expenses	-	(15,000)
Closing fair value of scheme assets	5,392,000	4,217,000

23. OPERATING LEASE COMMITMENTS

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

	2016 £	2015 £
Amounts payable:		
Within 1 year	200,554	212,507
Between 1 and 5 years	177,477	344,989
After more than 5 years	-	9,989
Total	378,031	567,485

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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

25. RELATED PARTY TRANSACTIONS

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

N Greenwood, a Trustee, was an employee of DWF LLP and Moore Blatch LLP who provide legal services to the Academy, the value of which was £3,274 in the year (2015- £17,946). At 31 August 2016 £NIL was due from the Academy to Moore Blatch LLP (2015- £3,274).

The Maureen and David Garrard Foundation ('the Foundation') is the sponsor of the Academy. During the year the Academy received grants of £26,132 (2015- £113,684) from the Foundation. £29,803 was receivable from the Foundation at 31 August 2016 (2015- £6,200).

During the year donations of £10,250 (2015- £1,000) were received from the Worshipful Company of Security professionals, a company in which one of the directors is also a governor of the Academy. £1,000 of this money was to support the independent Army Cadets Unit that use the Academy as a base, and was provided to the Unit for the purchase of equipment. The Academy does not benefit directly from this donation. £250 was towards the Endeavor Award to an Academy student and £9,000 was for University bursary for Academy students.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

26. FIRST TIME ADOPTION OF FRS 102

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

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		26,750,884	26,154,667
Total funds reported under FRS 102		<u>26,750,884</u>	<u>26,154,667</u>

Reconciliation of net (expenditure)	Notes	31 August 2015 £
Net (expenditure) previously reported under UK GAAP		(380,217)
Change in recognition of LGPS interest cost	A	(92,000)
Net movement in funds reported under FRS 102		<u>(472,217)</u>

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

A- Change in recognition of LGPS interest cost	Under previous UK GAAP the Academy Trust recognised an expected return on defined benefit plan assets in expenditure. Under FRS102 a net interest expense, based on the net defined liability is recognised in expenditure. There has been no change in the defined liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to expenditure by £92,000 and increase the debit in other recognised gains and losses in the Statement of Financial Activities by an equivalent amount.
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**NOTES TO THE FINANCIAL STATEMENTS
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27. SUBSIDIARY COMPANY

The charitable company has an interest in a wholly owned subsidiary, Bexley Business Academy Education Services Limited which is dormant and has not been consolidated or included in these accounts on the basis that any such amounts are immaterial.

At 31 August 2015 the net assets and reserves of the subsidiary were as follows:

Company name	Country	Percentage Shareholding
Bexley Business Academy Education Services Limited	England and Wales	100

	2016 £	2015 £
Share capital	100	100
Reserves	772	772
Net assets	<u>872</u>	<u>872</u>