

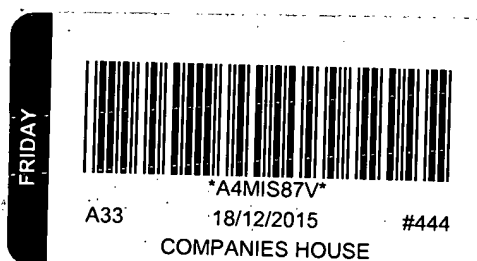
REGISTRAR OF COMPANIES

Petchey Academy

Annual Report and Financial Statements

31 August 2015

Company Limited by Guarantee
Registration Number
05342164 (England and Wales)



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Reference and administrative information

Members	Andrew Billington Dorothy Dalton May Kunle 'Dare Rosslyn Hudson Trudy Kilcullen Pat Langford Ron Mills Charles Newman Francis Nwokedi Marie Stewart Peter Venn
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Trustees	Sevdie Ali Olivia Cole Sarah Cenci Dorothy Dalton May Kunle 'Dare Rose Ferguson Rosslyn Hudson Trudy Kilcullen Pat Langford Francis Nwokedi Jane Spanton-Walker Dr Marie Stewart MBE Peter Venn Lisa Waterman
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Company Secretary	Aimee Henderson
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Senior Management Team

Principal	Olivia Cole
Finance and Operations Director	Aimee Henderson
Vice Principals	Jo Rainey Sonia Sinclair

Registered address	Petchey Academy Shacklewell Lane London E8 2EY
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Company registration number	05342164 (England and Wales)
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Reference and administrative information

Auditor Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers HSBC Bank Plc
Gate House
The High
Harlow
Essex
CM20 1LL

Barclays Bank Plc
Basildon
Leicester
LE87 2BB

RBS
PO Box 39952
2½ Devonshire Square
London
EC2M 4XJ

Governors' report Year to 31 August 2015

The governors of Petchey Academy ('the academy') present their annual report and financial statements for the year to 31 August 2015. The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of the Companies Act 2006.

The financial statements have been prepared in accordance with the accounting policies set out on pages 28 to 31 of the attached financial statements and comply with the academy's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 ('SORP 2005').

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Petchey Academy is a company limited by guarantee and an exempt charity as defined by the Academies Act 2010 and listed in Schedule 3 of Charities Act 2011. The Charitable Company's memorandum and articles of association are the primary governing documents of Petchey Academy.

The governors act as the trustees for the charitable activities of the Petchey Academy and are also the directors of the Charitable Company for the purposes of company law. The structure, governance and management of the Petchey Academy are laid out in the agreement signed on 17 May 2005 with the Department for Education.

Members' liability

Each member of the academy undertakes to contribute to the assets of the academy 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.

Governors' indemnities

The academy has purchased trustee indemnity insurance, the level of cover is £2million.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governors

The governors are directors of the academy for the purposes of the Companies Act 2006. The following governors were in office at 31 August 2015 and served throughout the year except where shown.

Trustee	Appointed/Resigned
Sevdie Ali	Appointed 23 October 2014
Sarah Cenci	
Dorothy Dalton (Chair)	
May Kunle 'Dare	
Rose Ferguson	
Olivia Cole	
Rosslyn Hudson	
Trudy Kilcullen	Resigned 8 July 2015
Pat Langford	
Charles Newman	
Francis Nwokedi	Resigned September 2014 (Deceased)
Patricia Okoruwa	
Jane Spanton-Walker	
Dr Marie Stewart MBE	
Peter Venn	Appointed 17 December 2014
Lisa Waterman	

Method of recruitment and appointment or election of trustees

Governors are recruited and appointed in accordance with the articles of association. Sponsor governors can be recommended by the Petchey Foundation. Governor positions are filled by an open recruitment process.

Policies and procedures adopted for the induction and training of trustees

Induction and training procedures for governors are in place and take the form of formal training sessions. A designated governor training day is identified each year that focuses on personal development for governors in line with the priorities of the academy. The Petchey Academy Governor Handbook has been produced as reference for governors and outlines the expectations of their roles.

Organisational structure

The Petchey Academy has a comprehensive suite of policies that outline the principles by which the academy is managed. These policies are recorded on a policy review schedule and published on the academy intranet. Approval of key policies by governors occurs in committee meetings at defined intervals or their review has been delegated formally to the academy leadership team.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

The staffing structure of the academy is reviewed and approved annually by governors along with budgets for the future year. The organisational chart is available and visible on the staff intranet (the eXchange).

Day to day budget management (for contracts and spend below agreed financial limits) and recruitment of non-leadership positions within the agreed structures are duties delegated to the Principal and her staff. The Principal of Petchey Academy is also the Accounting Officer.

In summary, the management of the Petchey Academy is through the Board of Governors. This Board is supported by three committees: The Finance & General Purposes Committee, the Audit Committee, and The Every Child Matters Committee. The Finance & General Purposes Committee is further supported by a separate Health and Safety Committee and a separate Pay and Performance Review Committee.

In addition the Chair and Principal meet on a monthly basis.

Connected organisations, including related party relationships

Petchey Academy is not part of a formal network or federation of schools. The Jack Petchey Foundation sponsors the Petchey Academy and at the academy's founding donated £2,000,000 towards the building and establishing the academy.

The Foundation may donate additional funds to the academy each year (up to a maximum of £150,000) towards one off activities that increase the quality of student experience and that sit outside of, but complement, the key day to day teaching and learning activities of the academy. This funding is based on a standard bid system that competes with other equally deserving youth organisations in London and the South East.

OBJECTIVES AND ACTIVITIES

Objects and aims

The objects of the academy as set out in its memorandum of association are:

"to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum with a strong emphasis on, but in no way limited to, health, care and medical sciences."

The objectives and activities of Petchey Academy are outlined in the Funding Agreement. In summary they are:

- ♦ To manage a state funded secondary school to accommodate up to 1,200 young people in the London Borough of Hackney;

OBJECTIVES AND ACTIVITIES (continued)

Objects and aims (continued)

- ♦ To develop the specialism of the academy - Health, Care & Medical Sciences; and
- ♦ The academy will provide a wide range of extra-curricular activities and out of school hours clubs and programmes.

Objectives, strategies and activities

The current medium and short term strategic foci of the academy continue to centre around:

- ♦ the development of its pre and post 16 programmes and curriculum in light of changing demands from the government and in regards to content and assessment frameworks;
- ♦ maintaining good levels of staff and pupil retention and recruitment through strong stakeholder management, communication and support systems;
- ♦ and in response to significant positive changes to the academy's daily routines and pastoral arrangements for 2014-2015, embedding systems to further develop the academy's culture of "inspiring and supporting every child", ensuring there are opportunities for all to participate in academy life, enhancing student aspirations and increasing individual ownership and engagement with learning.

Public benefit

In setting the academy's objectives and planning its activities, the Board of Governors have given careful consideration to the Charity Commission's general guidance on public benefit.

The academy building has been designed and built with disabled people in mind. Staff and students in wheelchairs have good access to the whole building. Special provisions are made for students with specific needs. The policy of the academy is to support the recruitment and retention of students and employees with disabilities.

The academy provides a comprehensive programme of activities and learning opportunities for the community and encourages engagement from students with local partner charity and volunteer organisations.

STRATEGIC REPORT

Achievements and performance

Review of activities

Since opening, the academy has consistently been oversubscribed with application numbers increasing for Year 7 September 2015 entry by 9% (844 in 2015 vs 773 in 2014) and increased University Gateway (UG – Sixth Form) Yr12 entry of 105 (81 in 2014). The academy was very pleased with the outcome of a February 2015 Ofsted inspection where the academy was awarded an overall grade of GOOD, however, leadership and governance were recognised as Outstanding as well as many other unique features. The summary points of the inspection were:

This is a GOOD school:

- *Outstanding leadership and management at all levels have propelled the academy forward. This is because there is a sharp focus on raising standards through high quality teaching. Staff demonstrate commitment to leaders' vision for improvement.*
- *The academy's work to keep students safe is exemplary. The well-being of students, including provision for their spiritual, moral, social and cultural development, is paramount to their learning. As a result, well-thought-out approaches to supporting them mean they are prepared for learning and achieving well.*
- *Achievement in the GCSE examinations and sixth form is good. Most students are making rapid progress, with disadvantaged students exceeding the standard expected nationally and performing as well as their peers.*
- *Behaviour is mostly good and students apply themselves to their work primarily because they believe in and apply the Petchey Way, 'If I think I can... can. Students therefore demonstrate resilience and a 'can do' approach as they strive to achieve well.*
- *A combination of good-quality teaching, a broad and innovative curriculum and enhanced activities to accelerate learning leads to students achieving well.*
- *The sixth form is very well led. Regardless of their starting points, students thrive in The University Gateway. This results in most moving on to higher education, with an increasing number entering the Russell Group universities.*
- *The governing body is skilful and its approach to strategic management means that the governors do not stand still; forward planning and challenging staff underpins their work.*

Ofsted 2015

The positivity of the Ofsted inspection was mirrored by a plethora of awards and quality marks achieved in the year including **Investors in People Gold (LLP)**, **Arts Mark Gold**, **SSAT Parental Engagement Award – Gold**, **Investors in Careers – Intermediate Award** and **International Schools Status**.

The academy was particularly pleased with staff engagement with the Investors in People assessment process and, with its focus to attract and retain good staff, the outcomes show that the academy is working hard to support staff wellbeing and development.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Review of activities (continued)

"There is a strong, aspirational and supportive 'family' culture of teams working within one whole Petchey team that ensures people are encouraged and enabled to achieve their potential - the Petchey Way. It is also clearly reflected in the good working relationships between staff and management that are evident. People just love coming to work." IIP 2014

The leadership team were again praised as *"impressive in their drive, supreme competence, cohesion, total commitment and style of leadership and management that is being exceptionally well role-modelled down through levels of management to touch individuals in their day to day activity."* IIP 2014

A copy of all inspection reports can be found on the academy website within the Results and Achievements area.

In Summer 2015 the academy's external exams results continued to demonstrate strong student progress against national expectations at all levels. This year's Year 11 cohort, with the lowest Key Stage 2 (KS2) data on entry in the academy's history to date, and well below national average at KS2, achieved a respectable 59% A*-C EM (55% in 2014) above expected average National KS4 outcomes of 53% (53% in 2014). The academy again expects to be within the top 10% of schools nationally for progress when government statistics are published at the end of the calendar year.

At Key Stage 5 (KS5 - Post 16) the overall Average Point Score (APS) was 792 points per students, above the national APS of 776 and the Hackney APS of 730 (provisional) (839 in 2014). 2015 has seen a slight improvement in the percentage of students with 3A*-A and 3A*-B which places UG above national in this performance measure. Performance on vocational courses is one of the highest in the Borough and significantly above national. 88% of students achieved the equivalent of 3A*-A. 31.6% of Virtual Learning UK achieved 3 A*-A.

This was the first cohort of results from our VLUK students who achieved a strong APS. The total APS for VLUK is 677.10. This is higher than the Borough total APS of 574.2 and the National total APS of 560.10. This is a good achievement considering that most are unable to complete more than the three standard post 16 qualifications due to the other qualitative and skills based training aspects of the sports programmes.

The academy's exciting new key partnership with Bloomberg has brought significant opportunities for our students across many different facets of industry, technology, media and business this year including but not limited to, a year long Robotics project with Yr12 students that led to our students being the only UK school entered for a prestigious competition in New York, careers guidance and support from Bloomberg employees from a number of areas, speed interviewing skills workshops, cultural visits and our DT students were taken to the Serpentine gallery for an architecture based competition to design your own pavilion.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Review of activities (continued)

The academy continues to endeavour to recruit high calibre staff to meet the needs of an expanding academy but this continues to be one of the biggest challenges. The academy completed its first Schools Direct academy sponsored placements this year to complement its existing relationship with Teach First and to support its commitment to develop and train home grown talent, especially in shortage teaching subjects. This has been deemed to be a success and new recruits onto the programme were recruited for September 2015 in Business, Maths and Science. The training of staff and the robust systems in place to support staff within a positive learning culture were again commended in the academy's achievement of its Investors in People (IIP) accreditation.

During the year the academy operated well within budget and ended with a surplus (see details elsewhere in this report).

After four years of building works the academy had no large capital projects this academic year and focused on refreshing and redecorating the estate after eight years of occupancy.

A comprehensive extra-curricular study and activity programme with over 70 free after school clubs on offer for students is now firmly embedded within the culture of the academy. This ethos of participation continues with strong links to other community organisations that use our facilities and offer extended services to our students and the wider community out of school hours. Governors are pleased that the academy building and facilities are used widely outside school hours both by students, and the local community and continue to seek opportunities to maximise our resources in line with the objects of the academy.

Going concern

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

Key financial performance indicators

Key Financial Performance Indicators in the academy centre around good budget management at a cost centre level and ensuring project delivery, at both a subject area level and at a whole academy level, is always on time and within budget.

Working capital management is reviewed monthly to ensure, where possible, payments are within agreed terms and conditions and cash balances are reviewed regularly to ensure sufficient funds are available.

All academy staff are encouraged to seek additional and external funding to support programmes and initiatives that they run.

STRATEGIC REPORT (continued)

Financial review

Financial report for the year

The academy's total incoming resources for the year ended 31 August 2015 amounted to £11,105,000 (2014 - £10,808,000) of which £9,569,000 (2014 - £9,009,000) related to the EFA revenue grant.

Resources expended totalled £11,928,000 (2014 - £10,783,000) and includes £11,907,000 (2014 - £10,750,000) on the academy's educational operations.

The academy held fund balances of £31,853,000 at 31 August 2015 (2014 - £32,667,000) which includes unrestricted funds of £1,484,000 (31 August 2014 - £1,256,000).

The results for the year are shown on page 25.

The academy operated within the agreed budget during the year. Most of the academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants. The on-going costs of running the academy will continue to be met by the EFA in 2015/16.

Budget management and capital project management in the year resulted in no overall overspends. Working capital positions remained strong each month, however, good practice was maintained ensuring creditors were paid in a timely fashion and (unless in dispute) within the agreed 30 days payment terms.

Financial and risk management objectives and policies

Given the nature of the mainly cash 'financial instruments' that the academy deals with, financial risk is low, however, the governors have asked that a proportion of the academy's long term surpluses or cash reserves is spread over more than one bank and that large banks that are deemed financially secure should be the investment vehicles of choice.

STRATEGIC REPORT (continued)

Financial review (continued)

Reserves policy

The governors have determined that the appropriate level of free reserves should be equivalent to 5% of operating costs, approximately £595,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £1,484,000. However, some of these additional reserves may be used to support future building works projects currently being investigated and the academy governors have also approved a comprehensive externally facilitated review and upgrade of its economy of technology as the original equipment bought at academy inception comes to the end of its useful life.

Investment policy

The academy recognises the need to obtain best value from all of the assets that it holds, including any cash balances that it may periodically hold. This policy sets out how those balances will be invested in order to achieve best value whilst also ensuring sufficient cash flow to enable the academy to manage its day to day accounts.

The academy will not place cash assets in stocks and shares or other such investment schemes. Cash assets will only be invested in interest bearing accounts available through its normal banks. Cash Flow and investments shall be managed by the Finance Manager using the following principles:

- ◆ Deposit and/or transfer all funds and receipts in to the academy's Deposit Account bearing an interest rate;
- ◆ Regularly monitor Cash Flow and Current a/c balances to ensure immediate financial commitments can be met (payroll and creditor payment runs) and then transfer appropriate funds to the current account to meet forthcoming commitments;
- ◆ The academy will always seek to avoid its current account going overdrawn;
- ◆ Where long term surpluses can be identified, these may be invested in other banking products such as fixed term notice accounts, only to 90% of the long term surplus, to allow for any contingency; and
- ◆ Periodically (at least annually) review interest rates and compare with other investment opportunities.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal strategic risk the academy faces is the continuing decline in funding per student from EFA and its long-term implications. To mitigate this drop in funding the key challenges are, to ensure student numbers increase in University Gateway, ensure the curriculum is cost effective and keep the costs of running a relatively new "State of the Art" building within agreed budgets.

The academy also recognises the challenge of recruiting and retaining quality teaching staff in shortage subjects in a very competitive employment climate. As highlighted as part of the IIP review, the academy continues to employ a range of ongoing strategies to attract the right people.

PLANS FOR FUTURE PERIODS

The Petchey Academy Governing Body and Staff are united behind its vision to "inspire and support every child" that joins its community and provide the best possible secondary education for all the children in the academy. The academy is focussing on its curriculum in 2015-2016 to ensure that it is ready to support its students with the changes being introduced to assessment both at Key Stage 4 and 5. This is one of the agreed strategic priorities for the year which include:

1. To ensure that the new curriculum design and the new assessment performance measures will achieve the best outcomes for students at the academy;
2. High expectations for all and student ownership of learning;
3. Clarity and consistency of learning and teaching practice;
4. Staff recruitment & retention;
5. Increase student retention (into year 13) and recruitment (into year 12) at UG; and
6. Further development of strategic options for academy model sustainability.

The governors are working closely with the Principal to ensure that the culture and objectives of the academy, as laid out in the prospectus and on the website, are strengthened and developed. Careful thought has been given to the on-going growth and achievement of the University Gateway (sixth form) which opened in September 2011 and its curriculum offer (which has been successful to date), ensuring that the academy has a different provision to that of other post 16 providers in the borough. Particular attention is being given to subjects that support our specialism or business and technology which has become very popular with students in an area of London at the forefront of economic growth and home to many small but trend setting business start-ups.

PLANS FOR FUTURE PERIODS (continued)

The academy has engaged for a third year with Virtual Learning UK (VLUK) for 2015-2016 (a dedicated sports teaching/training provider), albeit with a slightly smaller cohort of 51 (vs year 12 intake of 87 in 2014), to deliver an offsite BTEC Level 3 course on its behalf at Crystal Palace Football Club and Millwall Football Club. 117 learners across the sixth form (out of a total sixth form roll of 295) are now educated across four sites (144 in 2014 out of a total roll of 276). Although, results for the first cohort demonstrated strong progress for the students, retention into year 13 was disappointing at 76% (vs 97% retention seen in 2014). Strong systems of quality of assurance are in place for this programme and the academy continues to be positive about this partnership, however, leadership continues to focus on UG growth to lessen its financial reliance on VLUK so that attention can remain on the great achievement of the students in the programme.

After 3 years of phased building works the academy is not planning any major works for the coming year, however in line with its priority to investigate expansion feasibility will continue to work with the local authority to look at options for growth in the future and impact on current capacity.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The academy is not currently a custodian of assets held on behalf of any other organisation.

AUDITOR

In so far as the governors are aware:

- ◆ there is no relevant audit information of which the academy's auditor is unaware; and
- ◆ the governors 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.

Governors' report, incorporating a strategic report, approved by order of the members of the board of governors on 16 December 2015 and signed on its behalf by:



Dorothy Dalton
Chair of Trustees

Scope of responsibility

As governors, we acknowledge we have overall responsibility for ensuring that the Petchey Academy has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governing Body have 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 academy and the Secretary of State for Education. The Principal is also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

Governance

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

Governor	Meetings attended	Out of a possible
S Ali	3	3
A Canning	n/a	n/a
S Cenci	4	4
O Cole	4	4
D Dalton	4	4
M Kunle 'Dare	4	4
R Ferguson	2	4
R Hudson	3	4
T Kilcullen	4	4
P Langford	4	4
C Newman	3	4
F Nwokedi	1	4
J Spanton-Walker	2	4
M Stewart	4	4
M Sun	n/a	n/a
P Venn	2	4
L Waterman	1	3

Governance (continued)

Governance reviews

The governing body of the academy continues to develop a structured and rigorous timetable of self-review.

The Board and each Board committee plan their work in advance for each academic year. Processes are being introduced for each committee to reflect on its effectiveness and report back to the Board. Governors and members of the executive management group attend a tailored training day in May which includes strategic issues, self-evaluation, organisational performance and sessions on developing technical skills.

Succession planning for key governors and staff at the academy, both for predicted departures and for unexpected absences, is carried out on an annual basis. An annual skills, experience and diversity review is carried out and gaps identified. Open recruitment of governors and non-governor members of Board committees follows. Each successful candidate goes through a full programme of interviews, vetting through confidential references, eligibility screening and induction.

The governance of the Petchey Academy is reviewed thoroughly by each governor and each member of the executive management team by having intensive one-to-one discussions with the chair of governors at which they consider how the governance of the academy can be strengthened and improved. As a result various changes are made to the systems, processes and practices underpinning governance.

The vice chair of governors carried out a formal review of the performance of the chair of governors. All governors and members of the executive management team were involved in this review.

The Finance and General Purposes Committee is a sub-committee of the main governing body. Its purpose is to monitor and provide strategic insight to the management of the academy and its finances. Its Chair is Mr M Kunle 'Dare, who is Deputy Chief Executive of Hackney Community College and a qualified accountant. During the year, committee membership remained consistent.

Non Committee members are welcome to attend the Finance and General Purposes Committee and agendas and pre reading is circulated to all governors.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
S Cenci	3	3
O Cole	3	3
M Kunle 'Dare	3	3
P Langford	1	1
C Newman	—	3
F Nwokedi	1	3
P Venn	3	3
L Waterman	—	3

Governance (continued)

Governance reviews (continued)

The Audit Committee was established in March 2013. Its purpose is to ensure financial practice is in line with the latest guidance from the Department for Education as published in The Academies Handbook, review risks and systems of financial control and to appoint and agree the terms of engagement with both the external auditors and the Responsible Officer. It also considers non-financial risks.

Governor	Meetings attended	Out of a possible
S Cenci	1	1
O Cole	2	2
M Kunle 'Dare	2	2
C Newman	—	2
P Venn	2	2

On 22 September 2015 the academy also appointed Ms Eleanor Sutton to sit on the Audit Committee and Ms McCall Dorr to sit on the F&GP Committee as non-governor committee members as specialist roles in light of their experience and qualifications.

Review of value for money

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

The accounting officer considers how the academy's use of its resources has provided good value for money during the academic year, and reports to the board of governors where value for money can be improved, including the use on benchmarking data where available. The accounting officer for the academy has delivered and improved value for money during the year by:

- ◆ Ensuring that over the period the academy operated within agreed budgets;
- ◆ The governors tasked the leadership team to carry a full strategic review of its technology using expert consultants Nexus to review academy infrastructure, computer stocks, and benchmark the use of software and hardware for teaching against best practice within the sector. This was a very informative exercise that has led to the creation of a more strategic and Learning & Teaching focused long term strategic and financial plan;
- ◆ During the year the academy carried out the final reviews of its support staff structures and has undergone the necessary restructuring exercises, where necessary, in order to ensure that resources are deployed efficiently and effectively. All members of staff within the academy have a clear understanding of their areas of responsibility and accountability through strong performance management processes;

Review of value for money (continued)

- ◆ At the beginning of 2015 the academy ended its long term relationship with the external school uniform supplier to bring the sale of uniform in house and significantly reduce the cost to parents. The academy took the opportunity to modernise and rationalise its uniform offer and after a full selection and tendering process has engaged the manufacturing service of a new uniform supplier to support the in-house collection facility for parents. This has been warmly welcomed as a positive response to parent voice;
- ◆ The academy continues to increase the profile of the Sports club out of hours working with external organisations like Arsenal Football Club and the RFU to facilitate sports academies for young people on our new 3G Pitch, which has also increased lettings income for later bookings nearly every weekday night; and
- ◆ All academy reserves continue to be invested in banks within cash financial instruments to minimise financial risk, with interest rates benchmarked against similar organisations.

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 the academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the academy for the year ended 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The risk and control framework

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

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

The risk and control framework (continued)

- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ delegation of authority and segregation of duties; and
- ◆ identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Buzzacott LLP, the external auditor, to perform additional checks.

This role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a termly basis, a report to the governors on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities is presented. The findings from the visits within the year resulted in some recommendations being made but none which were deemed to be significant.

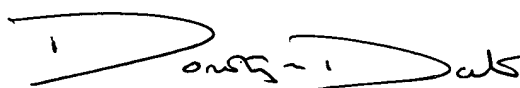
Review of effectiveness

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 additional checks performed by the external auditors;
- ◆ the work of the external auditor on the financial statement and regularity audit;
- ◆ the financial management and governance self-assessment process;
- ◆ the work of the Senior Management Team within the academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has advised the finance committee of the implications of her review of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Governing Body and signed on their behalf by:



Dorothy Dalton
(Chair of Trustees)



Olivia Cole
(Principal/Accounting Officer)

Date: 16 December 2015

Statement on regularity, propriety and compliance 31 August 2015

As accounting officer of the Petchey Academy, I have considered my responsibility to notify the academy Trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



Olivia Cole
Principal/Accounting Officer

Date: 16 December 2015

Statement of governors' responsibilities 31 August 2015

The governors (who act as trustees of the academy and are also the directors of the academy for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Requirements 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 governors to prepare financial statements for each financial year. Under company law, the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the academy and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the governors are required to:

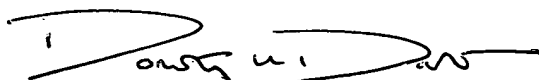
- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' Statement of Recommended Practice (the Charities' SORP);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in operation.

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

The governors are responsible for ensuring that in its conduct and operation the academy applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The governors are responsible for the maintenance and integrity of the charity and financial information included on the academy'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 governors on 16 December 2015 and signed on its behalf by:



Dorothy Dalton
Chair of Trustees

Independent auditor's report 31 August 2015

Independent auditor's report on the financial statements to the members of Petchey Academy

We have audited the financial statements of Petchey Academy for the year ended 31 August 2015 which comprise the statement of financial activities, the balance sheet, the cash flow statement, the principal accounting policies 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) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditor

The governors act as trustees for the charitable activities of Petchey Academy and are also the directors of the academy for the purpose of company law.

As explained more fully in the statement of governors' responsibilities set out in the governors' report, the governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the governors' report including the strategic 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.

Independent auditor's report 31 August 2015

Opinion

In our opinion:

- ◆ the financial statements give a true and fair view of the state of the academy affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006; and
- ◆ the financial statements have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

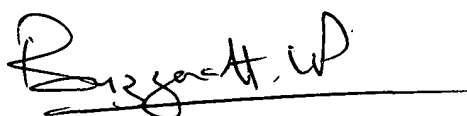
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the governors' report, including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- ◆ 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 governors' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.



Avnish Savjani, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

17 December 2015

Independent reporting accountant's assurance report on regularity to Petchey Academy and the Education Funding Agency

In accordance with the terms of our engagement letter dated 19 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Petchey Academy during the period from 1 September 2014 to 31 August 2015 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 Petchey 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 Petchey 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 Petchey Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Petchey Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Petchey Academy's funding agreement with the Secretary of State for Education dated 17 May 2005 and the Academies Financial Handbook, extant from 1 September 2014, 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 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2014 to 31 August 2015 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 2014 to 2015 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.

Independent accountant's report 31 August 2015

Approach (continued)

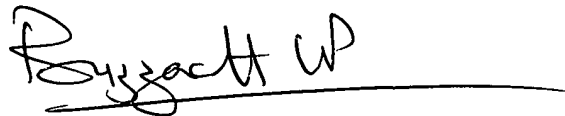
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

17 December 2015

Statement of financial activities (including income and expenditure account and statement of total recognised gains and losses) Year to 31 August 2015

			Restricted funds			
		Unrestricted general fund		Fixed assets fund	2015 Total funds	2014 Total funds
	Notes	£'000	General £'000	£'000	£'000	£'000
Incoming resources						
Incoming resources from generated funds						
Voluntary income	2	—	111	—	111	126
Activities for generating funds	3	495	—	—	495	399
Investment income	4	8	—	—	8	5
Incoming resources from charitable activities	5	—	10,467	24	10,491	10,278
Total incoming resources		503	10,578	24	11,105	10,808
Resources expended						
Charitable activities	7	261	10,819	827	11,907	10,750
Governance costs	8	—	21	—	21	33
Total resources expended	6	261	10,840	827	11,928	10,783
Net incoming (outgoing) resources before transfers						
		242	(262)	(803)	(823)	25
Transfers between funds	15	(14)	253	(239)	—	—
Net income (expenditure) for the year		228	(9)	(1,042)	(823)	25
Actuarial gains (losses) on defined benefit pension scheme	23	—	9	—	9	(342)
Net movement in funds		228	—	(1,042)	(814)	(317)
Reconciliation of funds						
Total fund balances brought forward at 1 September 2014		1,256	(64)	31,475	32,667	32,984
Total fund balances carried forward at 31 August 2015		1,484	(64)	30,433	31,853	32,667

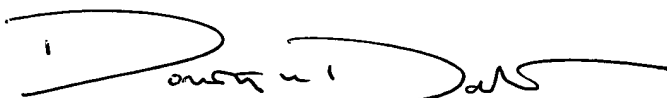
All of the academy's activities derived from continuing operations during the above two financial periods.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Balance sheet 31 August 2015

	Notes	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Fixed assets					
Tangible fixed assets	12		30,433		31,475
Current assets					
Debtors	13	206		294	
Cash at bank and in hand		3,205		3,549	
		<u>3,411</u>		<u>3,843</u>	
Liabilities					
Creditors: amounts falling due within one year	14	(1,209)		(1,991)	
Net current assets			<u>2,202</u>		<u>1,852</u>
Total assets less current liabilities			<u>32,635</u>		<u>33,327</u>
Pension scheme liability	23		(782)		(660)
Net assets including pension scheme liability			<u>31,853</u>		<u>32,667</u>
Funds of the academy					
Restricted income funds					
. Fixed assets fund	15		30,433		31,475
. General fund	15		718		596
. Pension reserve	15		(782)		(660)
Unrestricted funds					
. General fund	15		1,484		1,256
Total funds			<u>31,853</u>		<u>32,667</u>

The financial statements on page 25 to 46 were approved by the Governors, and authorised for issue on 16 December 2015 and are signed on their behalf by:



Dorothy Dalton
Chair of Governors

Petchey Academy
Company Limited by Guarantee
Registration Number: 05342164 (England and Wales)

Cash flow statement Year to 31 August 2015

	Notes	2015 £'000	2014 £'000
Net cash (outflow) inflow from operating activities	18	(283)	212
Returns on investment and servicing of finance	19	8	5
Capital expenditure	20	(69)	(557)
Decrease in cash in the year		(344)	(340)
Reconciliation of net cash flow to movement in net funds:			
Net funds at 1 September 2014		3,549	3,889
Net funds at 31 August 2015		3,205	3,549

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

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 company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

♦ ***Grants receivable***

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

♦ ***Donations***

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

♦ ***Other income***

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

Incoming resources (continued)

♦ ***Donated services and gifts in kind***

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academy trust's policies.

Resources expended

All expenditure is recognised in the year in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

♦ ***Charitable activities***

These are costs incurred on the academy trust's educational operations.

♦ ***Governance costs***

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

Tangible fixed assets (continued)

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost/valuation of each asset on a straight-line basis over its expected useful economic life, as follows:

- ♦ Buildings 2% per annum
- ♦ Fixtures, fittings, equipment and vehicles 25% per annum

Depreciation is charged from the month of acquisition.

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

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

Leased assets

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

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.

Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 23, the TPS is a multi employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

Pensions benefits (continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund accounting

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

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

Restricted general funds comprise all other grants received from the Education Funding Agency.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority, Hackney Council (via the Hackney Learning Trust).

Notes to the Financial Statements Year to 31 August 2015

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2015 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy has not exceeded these limits during the year ended 31 August 2015.

2 Voluntary income

	Unrestricted funds £'000	Restricted funds £'000	2015 Total funds £'000	2014 Total funds £'000
The Jack Petchey Foundation	—	92	92	126
Donated Fixed assets	—	19	19	—
	—	111	111	126

3 Activities for generating funds

	Unrestricted funds £'000	Restricted funds £'000	2015 Total funds £'000	2014 Total funds £'000
Meals income	225	—	225	212
School visits income	36	—	36	43
Letting income	31	—	31	22
Community lettings income	63	—	63	33
Gym membership income	94	—	94	62
Miscellaneous income	46	—	46	27
	495	—	495	399

4 Investment income

	Unrestricted funds £'000	Restricted funds £'000	2015 Total funds £'000	2014 Total funds £'000
Interest receivable	8	—	8	5

Notes to the Financial Statements Year to 31 August 2015

5 Funding for academy's educational operations

	Restricted general funds £'000	Restricted TFA funds £'000	2015 Total funds £'000	2014 Total funds £'000
DfE/EFA capital grant				
. Academy capital grant	—	—	—	410
. Devolved formula capital grant	—	24	24	20
	—	24	24	430
DfE/EFA revenue grant				
. General Annual Grant (GAG) (note 1)	9,569	—	9,569	9,009
. Other DfE/EFA grants	709	—	709	564
	10,278	—	10,278	9,573
Other Government grants				
. Local Authority grants	189	—	189	275
	10,467	24	10,491	10,278

6 Resources expended

	Staff costs £'000	Non pay expenditure		2015 Total funds £'000	2014 Total funds £'000
		Premises £'000	Other costs £'000		
Charitable activities					
. Academy's educational operations					
.. Direct costs	6,792	827	739	8,358	7,642
.. Allocated support costs	1,701	654	1,194	3,549	3,108
	8,493	1,481	1,933	11,907	10,750
Governance costs	—	—	21	21	33
	8,493	1,481	1,954	11,928	10,783
Net incoming (outgoing) resources for the year include:					
Operating leases				85	85
Fees payable to auditor					
. Statutory audit				9	9
. Other services				5	5

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

	Total £	Amount £	Reason
Ex-gratia/compensation payments	7,100	7,100	Severance payment (see note 9b)

Notes to the Financial Statements Year to 31 August 2015

7 Charitable activities - academy's educational operations

	2015 Total funds £'000	2014 Total funds £'000
Direct costs		
Teaching and educational support staff costs	6,792	5,982
Depreciation	827	811
Educational supplies	404	383
School running costs and IT	174	359
Educational consultancy	30	48
School visits expenditure	127	102
Other direct costs	4	—
	8,358	7,685
Allocated support costs		
Support staff costs (including FRS17 adjustment of £135,000)	1,701	1,393
Recruitment and support	221	149
Maintenance of premises and equipment	529	469
Cleaning	34	23
Heat and light	338	305
Insurance	43	94
Telephone	27	12
Legal and professional	56	34
Office costs	256	245
Catering	323	314
Bank interest and charges (including FRS17 credit adjustment of £4,000)	5	5
Other support costs	16	22
	3,549	3,065
	11,907	10,750

8 Governance costs

	2015 Total funds £'000	2014 Total funds £'000
Governing body expenses	2	7
Professional fees	5	12
Audit fees	14	14
	21	33

Notes to the Financial Statements Year to 31 August 2015

9 Staff

(a) Staff costs

Staff costs during the year were:

	2015 Total funds £'000	2014 Total funds £'000
Wages and salaries	6,304	5,690
Social security costs	499	479
Pension costs	944	776
	7,747	6,945
Agency costs	739	421
Staff restructuring costs	7	9
	8,493	7,375

Pension costs include a charge of £135,000 (2014 - £83,000) in respect of FRS 17.

(b) Staff severance payments

Included in staff restructuring costs is one non-statutory/non-contractual severance payment totalling £7,100 (2014 – £8,500).

(c) Staff numbers

The average numbers of persons (including senior management team) employed by the academy during the year expressed as a full time equivalents was as follows:

Charitable activities	2015 No	2014 No
Teachers (including Educational Support)	139	129
Administration and support	52	50
Management	10	11
	201	190

9 Staff (continued)

(d) Higher paid staff

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

	2015 No	2014 No
£60,001 - £70,000	3	4
£70,001 - £80,000	1	1
£80,001 - £90,000	2	2
£110,001 - £120,000	1	1

During the year ended 31 August 2015 pension contributions for those staff in the Teachers' Pension Scheme amounted to £65,197 (2014 - £70,157). The other employees participated in the Local Government Pension Scheme, pension contributions amounted to £13,326 (2014 - £10,598).

10 Governors' remuneration and expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy in respect of their role as governors. The value of governors' remuneration and other benefits was as follows:

	2015 £	2014 £
O Cole, Principal		
. Remuneration	£110,000 – £115,000	£110,000 - £115,000
. Employer's pension contributions	£15,000 - £20,000	£15,000 - £20,000
S Ali, Parent Governor		
. Remuneration	£20,000 - £25,000	—
. Employer's pension contributions	£0 - £5,000	—
R Ferguson, Staff Governor		
. Remuneration	£30,000 - £35,000	£30,000 - £35,000
. Employer's pension contributions	£5,000 - £10,000	£5,000 - £10,000
S Cenci, Teacher Governor		
. Remuneration	£40,000 - £45,000	£40,000 - £45,000
. Employer's pension contributions	£5,000 - £10,000	£0 - £5,000
S Columb, Teach Governor		
. Remuneration	—	£40,000 - £45,000
. Employer's pension contributions	—	£5,000 - £10,000

Notes to the Financial Statements Year to 31 August 2015

10 Governors' remuneration and expenses (continued)

During the year ended 31 August 2015, travel and subsistence expenses totalling £nil (2014 - £1,557) were reimbursed to no trustees (2014 - 2).

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

11 Trustees' and Officers' insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2m on any one claim.

12 Tangible fixed assets

	Buildings £'000	Computer equipment £'000	Furniture and fittings £'000	Motor vehicles £'000	Total £'000
Cost/valuation					
At 1 September 2014	35,728	522	1,648	27	37,925
Additions	41	32	17	3	93
Retention write-off	(308)	—	—	—	(308)
At 31 August 2015	35,461	554	1,665	30	37,710
Depreciation					
At 1 September 2014	4,692	514	1,230	14	6,450
Charge in year	716	4	155	7	882
Retention write-off	(55)	—	—	—	(55)
At 31 August 2015	5,353	518	1,385	21	7,277
Net book value					
At 31 August 2015	30,108	36	280	9	30,433
At 31 August 2014	31,036	8	418	13	31,475

For the purposes of these financial statements, the land is deemed to have no commercial value.

13 Debtors

	2015 £'000	2014 £'000
Trade debtors	51	7
Other debtors	115	196
Prepayments and accrued income	40	91
	206	294

Notes to the Financial Statements Year to 31 August 2015

14 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	87	468
Other taxation and social security	167	155
Other creditors	109	474
Accruals and deferred income	846	894
	1,209	1,991

15 Funds

	Balance at 1 September 2014 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses and transfers £'000	Balance at 31 August 2015 £'000
EFA revenue grant fund					
. General Annual Grant (GAG)	596	9,569	(9,700)	253	718
. Other EFA grants	—	709	(709)	—	—
	596	10,278	(10,409)	253	718
. Pension reserve	(660)	—	(131)	9	(782)
	(64)	10,278	(10,540)	262	(64)
Fixed assets fund					
. Fixed asset fund	31,475	24	(827)	(239)	30,433
Other funds					
. Local Authority grants	—	189	(189)	—	—
. Jack Petchey Foundation and other Sponsorship income	—	111	(111)	—	—
	—	300	(300)	—	—
Total restricted funds	31,411	10,602	(11,667)	23	30,369
Unrestricted funds					
. Unrestricted funds	1,256	503	(261)	(14)	1,484
Total unrestricted funds	1,256	503	(261)	(14)	1,484
Total funds	32,667	11,105	(11,928)	9	31,853

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

EFA revenue grant fund and other restricted funds

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2015. Note 1 discloses whether the limit was exceeded.

Notes to the Financial Statements Year to 31 August 2015

15 Funds (continued)

Fixed asset fund

These grants relate to capital funding to carry out works of a capital nature. The transfer between funds relates to purchase of capital items using EFA restricted general funds.

Pension reserve

The pension reserve relates to the academy's share of the deficit of the pension scheme.

16 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2015 £'000
Fund balances at 31 August 2015 are represented by:				
Tangible fixed assets	—	—	30,433	30,433
Current assets	1,484	1,927	—	3,411
Current liabilities	—	(1,209)	—	(1,209)
Pension scheme liability	—	(782)	—	(782)
Total net assets	1,484	(64)	30,433	31,853

17 Financial commitments

Operating leases

At 31 August 2015, the academy had annual commitments under non-cancellable operating leases as follows:

	2015 £'000	2014 £'000
Expiring within two and five years inclusive	108	85

Notes to the Financial Statements Year to 31 August 2015

18 Reconciliation of net income to net cash inflow from operating activities

	2015 £'000	2014 £'000
Net (expenditure) income	(823)	25
Interest receivable (note 4)	(8)	(5)
Capital grants from DfE/EFA	(24)	(362)
FRS 17 pension cost less contribution payable	135	83
FRS 17 pension finance income	(4)	(4)
Depreciation (note 12)	827	811
Increase in debtors	88	(42)
(Decrease) increase in creditors	(474)	(294)
Net cash inflow from operating activities	(283)	212

19 Returns on investment and servicing of finance

	2015 £'000	2014 £'000
Interest received	8	5
Net cash inflow from returns on investment and servicing of finance	8	5

20 Capital expenditure

	2015 £'000	2014 £'000
Capital grants from DfE / EFA	24	362
Purchase of tangible fixed assets	(93)	(919)
Net cash outflow from capital expenditure and financial investments	(69)	(557)

21 Analysis of changes in net funds

	At 1 September 2014 £'000	Cashflows £'000	At 31 August 2015 £'000
Cash in hand and at bank	3,549	(344)	3,205

22 Members' Liability

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

23 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 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 (TPS)

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.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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 for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- ♦ an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

23 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme (continued)

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of normal pension age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

23 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Teachers' Pension Scheme Changes (continued)

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £368,000 (2014 - £249,000) of which employer's contributions totalled £267,000 (2014 - £174,000) and employees' contributions totalled £101,000 (2014 - £75,000).

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

Principal Actuarial Assumptions	At 31 August 2015	At 31 August 2014
Rate of increase in salaries	4.6%	4.5%
Rate of increase for pensions in payment / inflation	2.7%	2.7%
Discount rate for scheme liabilities	3.8%	3.7%
Expected return on assets	3.8%	5.5%

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

	At 31 August 2015	At 31 August 2014
<i>Retiring today</i>		
Males	21.5	21.5
Females	23.7	23.7
<i>Retiring in 20 years</i>		
Males	23.6	23.6
Females	25.8	25.8

23 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2015 £	Fair value at 31 August 2014 £
Equities	1,396	1,079
Bonds	354	250
Property	197	141
Cash	20	94
Total market value of assets	1,967	1,564
Present value of scheme liabilities	(2,749)	(2,224)
(Deficit) in the scheme	(782)	(660)

The actual return on scheme assets was £39,000 (2014 - £172,000).

	2015 £	2014 £
Amounts recognised in statement of financial activities		
Current service costs (net of employee contributions)	402	257
Total operating charge	402	257

Analysis of pension finance income

Expected return on pension scheme assets	95	79
Interest on pension liabilities	(91)	(75)
Pension finance income	4	4

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a loss of £548,000 (2014 – loss of £557,000).

Movements in the overall deficit were as follows:	2015 £	2014 £
At 1 September 2014	(660)	(239)
Current service cost	(402)	(257)
Employer contributions	267	174
Net finance interest	4	4
Actuarial gains (losses)	9	(342)
At 31 August 2015	(782)	(660)

Notes to the Financial Statements Year to 31 August 2015

23 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Movements in the present value of defined benefit obligations were as follows:	2015 £	2014 £
At 1 September 2014	2,224	1,459
Current service costs	402	257
Interest costs	91	75
Employee contributions	101	75
Actuarial (gains) loss	(65)	360
Benefits paid	(4)	(2)
At 31 August 2015	2,749	2,224

Movements in the fair value of academy's share of scheme assets:	2015 £	2014 £
At 1 September 2014	1,564	1,220
Expected return on assets	95	79
Actuarial (losses) gain	(56)	18
Employer contributions	267	174
Employee contributions	101	75
Benefits paid	(4)	(2)
At 31 August 2015	1,967	1,564

The estimated value of the employer contributions for the year ended 31 August 2016 is £282,000.

The five year history of experience adjustments are as follows:

	2015 £	2014 £	2013 £	2012 £	2011 £
Present value of defined benefit obligations	(2,749)	(2,224)	(1,459)	(1,104)	(648)
Fair value of share scheme assets	1,967	1,564	1,220	920	681
Deficit on the scheme	(782)	(660)	(239)	(184)	33
Experience adjustments on share of scheme assets	(56)	18	65	20	35
Amount					
Experience adjustments on scheme liabilities					
Amount	8	101	—	(4)	(55)

24 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 a member of the trustee 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.

The following related party transactions took place during the year:

Trudy Kilcullen – A trustee/director of the Petchey Academy was an employee of the The Jack Petchey Foundation for the whole year. The academy was in receipt of restricted grants from the Foundation relating to the period equal to £92,541 (2014 - £126,478) on successfully applying to the Foundation's board of trustees via a grant bid process.

The Petchey Academy receives monies from The Jack Petchey Foundation through its Achievement Award Programme and other sponsorship available to all schools was £1,600 (2014 - £1,600).

Charles Newman is a trustee/director and is a partner of Edward Duthie who provide legal services in relation to the formalising the academy's property lease with Hackney Council. All activities in 2015 were provided free of charge to the academy.