



Smailes Goldie
Chartered Accountants

Registrar's
Copy

Sirius Academy

Financial Statements

31st August 2016



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Sirius Academy

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Sirius Academy

Reference and Administrative Details for the Year Ended 31st August 2016

Members

N Porteus
K Sturdy
J C Wright

Trustees

T Attwater (appointed 21.09.2015)
LJ Gomm
N Porteus (Chairman)*
P Sowden (resigned 27.01.2016)
K Sturdy (Vice Chairman)*
Dr C Taylor (Accounting Officer)*
A Speight (appointed 29/09/2015)*
J C Wright
D Swaby (appointed 29/02/2016)*
A Tombanane (appointed 14/03/2016)*
A Medicott-Revell (appointed 29/02/2016)

*members of the finance, resources and general purposes committee

Company Secretary

T Priestley (resigned 01/03/2016)
S Rogers (appointed 01/03/2016)

Senior Leadership Team

Dr C Taylor (Executive Principal)
M Whittaker (Deputy Principal)
J Sherwood (Head of School – Sirius West)
I Ravenscroft (Head of School – Sirius North)
S Rogers (Executive Director of Finance)
G Ransom (Vice Principal)
R Moulding (Vice Principal)
A Dulson (Vice Principal)
K Spencer (Vice Principal)
T Taylor (Director of Operations)

Registered Office

296 Anlaby Park Road South
Hull
HU4 7JB

Registered Company Number

06545396 (England and Wales)

Independent Auditors

Smailes Goldie
Regent's Court
Princess Street
Hull
East Yorkshire
HU2 8BA

Solicitors

Bond Dickinson
One Trinity
Broad Chare
Newcastle upon Tyne
NE1 2HF

Bankers

Lloyds Bank
45 Hustlegate
Bradford
West Yorkshire
BD1 1NT

The Co-operative Bank
Pennine House
Leeds
LS1 5RN

Sirius Academy

Trustees' Report for the year ended 31st August 2016

On 1st September 2015, Sirius Academy North (Formerly Northern Academy Hull Limited trading as Thomas Ferens Academy) joined Sirius Multi Academy Trust. Therefore, the current year's results reflect those of Sirius Academy West and Sirius Academy North, whereas the comparative year only reflects those of Sirius Academy West. Further detail of the synergies obtained from Sirius Academy North joining the trust are included below within the Trustees' and Strategic Report.

The trustees who are also directors of the academy for the purposes of the Companies Act 2006, present their annual report together with the financial statements and auditor's report of the charitable company for the period from 1st September 2015 to 31st August 2016. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Effective 1st January 2015) and the Academies Accounts Direction issued by the Education Funding Agency.

The capacity of student places within the Trust is 2,900. This includes 200 sixth form places. The student numbers on role as at October 2016 were 2,565 (October 2015: 1,561). Student numbers have continued to rise since Sirius Academy North joined the trust.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The principal object and activity of the charitable company is the operation of the Multi Academy Trust is to provide an education for students of a wide range of abilities between the ages of 11 and 19.

The main objectives of the Trust during the year ended 31st August 2016 are summarised below:

- To ensure that every child enjoys a high quality education to enable them to achieve or exceed their personal potential.
- To provide an outstanding standard of education to all students at the Trust.
- To refine organisation structures, protocols and practices to reflect the changing needs of the students and to meet with Government targets.
- To provide value for money for the funds expended.
- To comply with all appropriate statutory and curriculum requirements.
- To conduct the Trust's business in accordance with the highest standards of integrity, probity and openness.

The Trust's mission is to support every individual to achieve or exceed their personal potential within a supportive, learning community which seeks to challenge students in their thinking and understanding. Staff provide the stimulus to promote creativity, inspire excellence and encourage innovation. Sirius strives to support individual success irrespective of the needs, ability or ambition of the student to enable all children to become well informed, responsible citizens who are prepared for the changing needs of the workplace of the future. To this end, the activities provided seek:

- To provide engaging and stimulating lessons and learning opportunities for all students to attain nationally recognised, academic qualifications.
- To offer continual professional development and training to all staff.
- To provide an exciting enrichment programme with a focus on the specialisms of sport and environmental science to encourage engagement, participation and independent learning.
- To ensure all students benefit from independent advice, support and guidance from an advisory service to help them obtain employment or move on to higher or further education.

Public benefit

The Trustees have reviewed the current activities of the charitable company and confirm that they are in line with its objectives. All the activities of the organisation carried out during 2015-2016 are in pursuance of the Trust's objectives and are considered to be for the public benefit. All services provided are free to all beneficiaries irrespective of capacity, ethnicity, faith, religious conviction or social economic environment. The Trustees also confirm that the organisation's aims and objectives fall within the descriptions of purposes in the Charities Act 2006 and are recognised as charitable and are carried out for the public benefit.

Equal Opportunities

The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Trust aims to establish equal opportunity in all areas of its activities, including creating a working environment in which the contribution and needs of all people are fully valued.

The policy of the Trust is to support recruitment and retention of students and employees with disabilities. The Trust does this by adapting the physical environment, by making support resources available and through training and career development.

Sirius Academy

Trustees' Report for the year ended 31st August 2016

STRATEGIC REPORT

Achievement and performance

Charitable activities

In March 2014 Sirius Academy was inspected by Ofsted and judged to be outstanding in all areas including achievement of pupils, the quality of teaching, behaviour and safety and leadership and management. Despite the educational landscape changing in terms of the Government expectations of student achievement, the Trust has maintained its focus and drive for academic excellence. In 2016 the new government measures of evaluating the performance of schools was brought in. The main measure of progress 8 saw Sirius Academy North achieve a score of +0.18, placing the academy in the top 15% of schools nationally. Sirius Academy West achieved a progress 8 score of +0.09, placing the academy in the top 20% of schools nationally. The number of students gaining C or above grades in both English and maths continues to rise at Sirius Academy North, with 49% of students reaching this target. Given the low starting points of the students on entry to the academy, this represents students making expected or better than expected progress in this measure. At Sirius Academy West there was a 12% rise in the number of students achieving both Maths and English at the end of KS4, with 59% of students achieving the required standard. In Year 13 100% of students achieve at least one qualification.

The quality of teaching has been judged to be outstanding; 87% of lessons observed were found to be good or better with 43% being judged as outstanding. Internal support is provided to all staff whose lesson is judged to be less than good. All quality assurance data is indicative of high quality teaching and learning across all key stages within the Trust. Teaching, together with a rich and relevant curriculum, contributes to the outstanding learning and achievement, significant growth in students' knowledge, and excellent attitudes to learning.

The Trust's Teaching School, Blueprint Alliance, established in September 2014 has made excellent progress. The teaching school has successfully applied to become a School Centred Initial Teacher Training (SCITT) provider and has recruited under the name of Yorkshire and Humber Teacher Training. The SCITT has successfully recruited 48 trainees who are now currently training in the partnership schools. The SCITT is addressing the national shortage of teachers, particularly with the recruitment of many high quality candidates in shortage subjects such as Maths and Science. The teaching school has provided school to school support for a number of schools and has successfully helped schools move Ofsted ratings from requires improvement to good. The teaching school also provides high quality CPD across the region and is developing leaders of the future.

An expectation of all stakeholders is high and everyone is challenged to develop their knowledge, skill and understanding. The ambition that every student achieves or exceeds to their potential is consistently reflected in the expectations from all of the staff and is embedded within the ethos of the Trust.

Internal and external factors

By mutual agreement Sirius Academy gained independence as a result of its Ofsted outstanding status. As a standalone Academy, with an outstanding track record, the Board of Trustees gained agreement from the DfE to become a sponsor and create a Multi Academy Trust (MAT). The MAT currently consists of Sirius Academy North and Sirius Academy West. However, plans to expand the MAT further are underway and 5 other schools have passed a resolution with their governing bodies to join the MAT in 2017. At present there are 4 primary schools and a secondary Pupil Referral Unit with applications in to join the MAT. The long term vision would be for the Sirius MAT to consist of around 10 primary schools, 4 secondary schools and a PRU.

In 2015/2016 both Academies remained a very popular choice of school within the local area as evidenced by the oversubscription in all year groups. The majority of places are allocated as 'first choice' preferences with many pupils making applications to the schools over and above their Published Admission Numbers. In a recent external survey over 90% of parents/carers considered that the Academies provided excellent support for pupils and would recommend the schools.

The Trust's arrangements for safeguarding students meet statutory requirements. The single central record is well-maintained and up-to-date. An e-safety 360 review to ensure all staff and students are aware of the risks of on-line safety has been completed.

Sirius Academy West has maintained national accreditations for Inclusion Mark, Arts Mark (Gold) and Investors in People Platinum Award.

Key financial performance indicators

The standard of achievement of pupils attending the Academies is above the National Floor Standards. In 2016 both academies in the Trust achieved positive progress 8 scores ensuring the students in the Multi Academy Trust make better progress than other students do nationally. The data also showed that disadvantaged students attending schools in the Trust do much better than other disadvantaged students do nationally. The performance of students in science, humanities and languages (known as bucket 2 subjects) showed that students in the Trust perform as well as other students do nationally, in terms of progress made.

Sirius Academy

Trustees' Report for the year ended 31st August 2016

STRATEGIC REPORT

Financial review

Principal funding sources

Most of the Trust's income is obtained from the Department for Education (DfE) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE along with other restricted grants from other sources and their associated expenses are shown as restricted funds in the statement of financial activities.

The Trust generated unrestricted income during the year of £693,000 (2015 £173,000). This was mainly generated from the hire of the Trust's facilities and investment income. The costs of activities for generating funds were £148,000 (2015 £139,000).

The Trust also receives grants for fixed assets from the DfE. In accordance with the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), such grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31st August 2016, total restricted revenue expenditure of £16,471,000 (2015 £9,968,000) was not covered by recurrent grant funding from the DfE and the deficit was funded from reserves brought forward. The restricted net outgoing resources before transfers for the year (excluding restricted fixed asset funds) were £2,294,000 (2015 £495,000). Included in this figure is a £1,711,000 pension fund deficit inherited when Sirius North joined the MAT.

At 31st August 2016 the net book value of fixed assets was £59,016,000 (2015 £37,610,000) and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and associated support services to the pupils of the Trust.

Investment policy and objectives

The Trustees have agreed to invest in short term guaranteed investments to maximise the Academy's return without compromising cash flow.

Reserves policy

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The educational obligations that the Trust has on a day-to-day basis are funded from its restricted reserves that were provided for this purpose. The Trustees need to ensure that the Trust has sufficient working capital to cover delays between receipt of grants and spending; and to be able to deal with unexpected emergencies that may arise such as urgent maintenance. The Trusts current level of general restricted reserves in note 20 is £2,010,000 (2015 £2,674,000). In addition, as noted above, the trust has £693,000 (2015 £173,000) of free reserves held. Taking into account the nature of the Trusts income streams, the Trustees are of the view that reserves at these levels are sufficient to cover its working capital needs and future capital expenditure and a provision for long term maintenance as required through the Building Schools for the Future Programme (BSF).

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Trust under its current and agreed funding arrangement has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Principal risks and uncertainties

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to teaching, provision of facilities and other operational areas of the Trust, and its finances.

The Local Government Pension deficit within restricted funds is £3,617,000 (2015 £925,000), as the total market value of assets does not cover the present value of liabilities. This does not mean that the liability for this amount will be called in.

Sirius Academy

Trustees' Report for the year ended 31st August 2016

STRATEGIC REPORT

Future plans

The Trust has a strategic three year plan which outlines developments for the future. In summary the plan focuses on five key areas:

- To ensure that both academies within the Trust continue to achieve positive progress 8 scores and any other school recruited to the MAT achieves positive progress measures for the students.
- To recruit students to the Trust through the specialisms of sport and environmental science to ensure that the capacity and facilities of the new build are maximised.
- To further develop the post 16 offer to provide a broad range of courses for 200 learners.
- To build stronger links with parents and carers to enable greater parental engagement to support all students and their engagement in learning opportunities.
- To strengthen community partnerships to ensure that the new facilities generate a realistic income stream to reinvest in student focused activities.
- To maximise opportunities for school to school support and income generation through the Sirius Academy Teaching School (Blueprint Alliance & School Centred Initial Teacher Training - SCITT).
- To explore the benefits of working with other schools within the Trust.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Trust is a company limited by guarantee and is registered as an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy. The trustees of the academy also act as directors of the charitable company for the purposes of company law. Trustees hold office for a term of 4 years. At the end of their term, trustees are eligible for reappointment to serve a further term. Details of the trustees who served throughout the year are included in the Reference and Administrative Details on page 1.

Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member. The current number of members is three.

Principal Activities

The Academy's objective as detailed in the Memorandum of Association is to advance for the public benefit education in the United Kingdom, by establishing, maintaining, carrying on, managing and developing schools offering a broad curriculum with a strong emphasis on, but in no way limited to Environmental Science and Sport

Recruitment and Appointment of New Trustees

Those entitled to make appointments to the Trust's Board of Trustees are the members of Sirius Academy and the Secretary of State for Education. In addition the board of Trustees includes two parent Trustees, appointed from and by parents of registered students of the Academies.

Where a vacancy for a parent Trustee is required to be filled by election, the board of Trustees shall take such steps as are reasonably practical to ensure that every person who is known to them to be a parent of a registered student of an Academy within the trust is informed of the vacancy and that it is required to be filled by election, informed that they are entitled to stand as a candidate, and vote at the election, and given an opportunity to do so.

Sirius Academy

Trustees' Report for the year ended 31st August 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational Structure

The organisational structure consists of the Trust Board (the Trustees) and the Senior Leadership Team. The aims of the organisational structure are to declare responsibility and encourage involvement in decision making at all levels.

The Trust Board is responsible for the overall strategic direction of the Trust and for those statutory duties that cannot be delegated to sub-committees.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Trust by the use of budgets and making major decisions about the direction of the Trust, capital expenditure and senior staff appointments.

The Multi Academy Trust Leadership Team consists of the Executive Principal, Deputy Principal, two Heads of School, four Vice Principals, the Executive Director of Finance and the Director of Operations. Each academy has its own extended leadership team which includes; one Deputy Head, eleven Assistant Vice Principals and four Associate Assistant Vice Principals who are responsible for the leadership of the Academies and are accountable for the quality of education provided to the students. They are also accountable for the outcomes achieved by students and must ensure they meet the expectations of the Department of Education (DfE) and Ofsted. The Multi Academy Trust Team are responsible for implementing the policies and recommendations agreed by the Trustees and are required to provide regular and appropriate feedback to furnish Trustees with the knowledge and information to provide strategic leadership. Members of the Multi Academy Trust Team lead the day to day operation of the charitable company, including the authorisation of spending within agreed budgets, the appointment of staff and the curriculum provision. The behaviour and safety of students is also the responsibility of the Multi Academy Trust Team which includes safeguarding young people and providing an infrastructure to ensure children have the appropriate environment conducive to learning.

Induction and Training of New Trustees

After appointment, Trustees receive induction training and are supplied with all necessary documents that they need to fulfil their role as Trustees. All new Trustees will be given a tour of the Academies and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

Arrangements for setting pay and remuneration of key personnel

The Trust considers key personnel to be the staff who are members of the Multi Academy Trust Senior Leadership Team.

New appointments and changes to the remuneration of members of the senior leadership team are considered and approved by the Trust.

Risk management

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to teaching, provision of facilities and other operational areas of the Trust, and its finances. They have introduced systems, operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains, they have ensured they have adequate insurance cover. The Trust has an effective system of internal controls and this is explained in more detail in the Governance Statement.

AUDITORS

The auditors, Smailes Goldie, will be proposed for re-appointment at the forthcoming Annual General Meeting.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 12th December 2016 and signed on the board's behalf by:



N Porteus - Trustee

Sirius Academy

Governance Statement for the Year Ended 31st August 2016

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Sirius 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 of 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 are in accordance with the requirements and responsibilities assigned to it in the funding agreement between Sirius Academy and the Secretary of State for Education. The accounting officer is 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 four times during the year. Attendance during the year at meetings of the board of trustees was as follows:

	Meetings attended	Out of a possible
T Attwater	2	3
LJ Gomm	4	4
N Porteus	4	4
P Sowden	1	2
K Sturdy	3	4
Dr C Taylor	4	4
A Speight	2	4
JC Wright	2	4
D Swaby	2	2
A Tombanane	0	1
A Medicott-Revell	2	2

The Finance, Resources and General Purposes Committee is a sub-committee of the Trust. Its purpose is to be responsible for developing and managing resources efficiently. The scope of this group includes, staff recruitment, performance management, budget projection and finance controls, ICT infrastructure and audit. This committee looks closely at the resourcing of all new proposals including alterations to the new Academy buildings and ensures that the needs of the learners are met and 'best value education' is achieved. The safety, health and well-being of students is also the focus of this committee.

The committee exists to assist the decision making of the board of Trustees, by enabling detailed consideration to be given to the best means of fulfilling the board of Trustees' responsibility to ensure sound management of the Trust's finances and resources, including proper planning, monitoring and probity. The committee will make appropriate comments and recommendations on such matters to the board of Trustees on a regular basis. Major issues will be referred to the board of trustees.

	Meetings attended	Out of a possible
N Porteus	4	4
K Sturdy	4	4
Dr C Taylor	4	4
A Speight	3	4
D Swaby	1	2
A Tombanane	2	2

Sirius Academy

Governance Statement for the Year Ended 31st August 2016

Review of Value for Money

As accounting officer the Executive Principal has a responsibility to ensure the Trust delivers good value in the use of public resource and understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- investing money to ensure that students reach the highest possible outcomes. Both academies in the Trust reported positive progress 8 scores and also an increase in the number of students achieving both Maths and English at GCSE grade C or above.

- developing the Teaching School Blue Print Alliance and forming partnerships with other schools and Local Authority's, there has been an increase in income generation within the Trust. This has enabled resources to be increased and targeted more closely to different areas of the school which otherwise would not have been possible.

Although Thomas Ferens Academy only became part of the Multi Academy Trust on 1st September 2015, by working closely with staff there it has been possible to negotiate improved terms and conditions on a number of mutual contracts and agreements. It is anticipated that savings in this area will increase now that the formal sponsorship has taken place and there will be increased opportunities across the two schools to collaborate.

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

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

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board;
- regular reviews by the Finance Resources and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks;

The trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. The Trustees have commissioned the role of Responsible Officer (RO) via a Business Manager of another Academy within Hull; offering a peer review service. The RO's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. On an annual basis, the RO provides a report to the board on the operation of the systems of control and on the discharge of the board of Trustee's financial responsibilities.

The report includes the following areas:

Payroll
Purchase Orders
EFA Funding
Bank Reconciliations
Petty Cash

Sirius Academy

**Governance Statement
for the Year Ended 31st August 2016**

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 Responsible Officer;
- the work of the external auditor;
- the financial management and governance of the self-assessment process;
- the work of the trustees within the Trust who have responsibility for the development and maintenance of the internal control framework;

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 12th December 2016 and signed on its behalf by:



N Porteus - Trustee



M Whittaker - Acting Accounting Officer

Sirius Academy

Statement on Regularity, Propriety and Compliance for the year ended 31st August 2016

As accounting officer of Sirius Academy I have considered my responsibility to notify the academy board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the 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 Board of Trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook.

Except for the matter noted below, 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.

As explained in note 24, during the period from 1st September 2015 to 27th January 2016, the Trust made payments totalling £53,635 to Sowden and Sowden Limited, a company in which Mr P Sowden (a Trustee) is a director and shareholder. There is no evidence that these payments were made in accordance with the "at cost" principle but they were made as a result of a long standing arrangement since before Mr Sowden joined the Board, which the Trustees considered to be best value for money. On 27th January 2016 Mr Sowden resigned as a Trustee of Sirius Academy.



M Whittaker – Acting Accounting Officer

12th December 2016

**Statement of Trustees Responsibilities
for the year ended 31st August 2016**

The trustees (who act as governors of Sirius Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 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 Trust and of the incoming resources and application of resources, including the income and expenditure for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

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

In so far as the trustees are aware:

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Trust'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 board of trustees on 12th December 2016 and signed on its behalf by:



N Porteus - Trustee

Report of the Independent Auditors to the Members of Sirius Academy

We have audited the financial statements of Sirius Academy for the year ended 31st August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Accounts Direction 2015 to 2016 issued by the Education Funding Agency (EFA).

This report is made solely to the Trust'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 Trust'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 Trust and the Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31st 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland';
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2015 to 2016.

Opinion on other matter prescribed by the Companies Act 2006

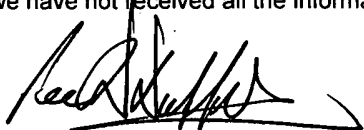
In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditors to the Members of Sirius Academy

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.



Peter Duffield LLB FCA (Senior Statutory Auditor)
for and on behalf of Smailes Goldie
Regent's Court
Princess Street
Hull
East Yorkshire
HU2 8BA

12th December 2016

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

In accordance with the terms of our engagement and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Sirius Academy during the period 1st September 2015 to 31st 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 Sirius Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Sirius 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 Sirius Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

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

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1st September 2015 to 31st 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 Trust's income and expenditure.

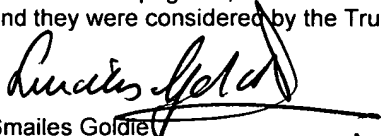
The work undertaken to draw our conclusion includes:

- Ensuring value for money is sought for all goods/services procured by the Trust, including those procured from related parties of the Trust.
- Ensuring that fixed asset additions are made in line with the terms of the funding received and that fixed asset disposals are properly authorised by the DfE
- Ensuring that expenditure incurred through the Trust bank account and debit card is appropriate for the purposes of the Trust and that there has been no personal expenditure from the Trust's funds.
- Ensuring pension contributions are paid to the respective schemes in a timely manner.
- Ensuring returns required by regulatory or funding authorities are completed on a timely basis.

Conclusion

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

During the period from 1st September 2015 to 27th January 2016, the Trust made payments totalling £53,635 to Sowden & Sowden Limited, a company in which Mr P Sowden (a Trustee) is a director and shareholder. There is no evidence that these payments were made in accordance with the 'at cost' principle but, as referred to in the Accounting Officer's Statement on page 10, were made as a result of a long standing arrangement since before Mr Sowden joined the Board and they were considered by the Trustees to be best value for money.


Smailes Goldie
Chartered Accountants
Regent's Court, Princess Street
Hull
East Yorkshire HU2 8BA
12th December 2016

Sirius Academy

**Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the year ended 31st August 2016**

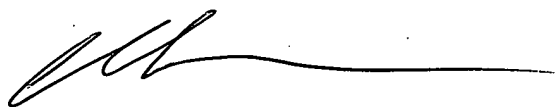
	Notes	Unrestricted Funds £'000	Restricted Fixed Assets Fund £'000	Restricted Funds £'000	2016 Total funds £'000	2016 Total funds £'000
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	2	240	22,700	(1,716)	21,224	37,908
Charitable activities						
Funding for the academy's educational operations	3	349	-	15,893	16,242	10,516
Other trading activities	4	77	-	-	77	86
Investment income	5	26	-	-	26	34
Total		692	22,700	14,177	37,569	48,544
EXPENDITURE ON						
Raising funds		147	-	-	147	139
Charitable activities						
Academy's educational operations		-	1,535	16,471	18,006	10,535
Total	6	147	1,535	16,471	18,153	10,674
NET INCOME/(EXPENDITURE)		545	21,165	(2,294)	19,416	37,870
Transfers between funds	20	-	241	(241)	-	-
		545	21,406	(2,535)	19,416	37,870
Other recognised losses						
Actuarial losses on defined benefit schemes		-	-	(821)	(821)	(15)
Net movement in funds		545	21,406	(3,356)	18,595	37,855
RECONCILIATION OF FUNDS						
Total funds brought forward		188	37,610	1,749	39,547	1,692
TOTAL FUNDS CARRIED FORWARD		733	59,016	(1,607)	58,142	39,547

The notes form part of these financial statements

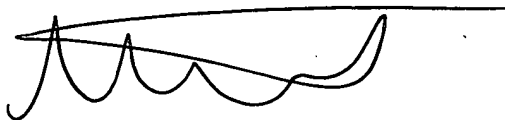
Balance Sheet
At 31st August 2016

	Notes	2016 £'000	2015 £'000
FIXED ASSETS			
Tangible assets	13	59,016	37,610
CURRENT ASSETS			
Stocks	14	12	-
Debtors	15	722	679
Cash at bank and in hand		<u>3,381</u>	<u>3,042</u>
		4,115	3,721
CREDITORS			
Amounts falling due within one year	16	<u>(1,372)</u>	<u>(859)</u>
NET CURRENT ASSETS		<u>2,743</u>	<u>2,862</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		61,759	40,472
PENSION LIABILITY	21	<u>(3,617)</u>	<u>(925)</u>
NET ASSETS		<u>58,142</u>	<u>39,547</u>
FUNDS	20		
Unrestricted funds		733	188
Restricted funds		<u>57,409</u>	<u>39,359</u>
TOTAL FUNDS		<u>58,142</u>	<u>39,547</u>

The financial statements were approved by the Board of Trustees on 12th December 2016 and were signed on its behalf by:



N Porteus - Trustee



M Whittaker - Acting Accounting Officer

Sirius Academy**Cash Flow Statement
for the year ended 31st August 2016**

	Notes	2016 £'000	2015 £'000
Cash flows from operating activities:			
Cash generated from operations	27	<u>616</u>	<u>64</u>
Net cash provided by (used in) operating activities		<u>616</u>	<u>64</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(303)	(66)
Interest received		<u>26</u>	<u>34</u>
Net cash provided by (used in) investing activities		<u>(277)</u>	<u>(32)</u>
Change in cash and cash equivalents in the reporting period		339	32
Cash and cash equivalents at the beginning of the reporting period		<u>3,042</u>	<u>3,010</u>
Cash and cash equivalents at the end of the reporting period		<u><u>3,381</u></u>	<u><u>3,042</u></u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the year ended 31st August 2016**

1. ACCOUNTING POLICIES

Statement of accounting policies

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

Basis of preparing the financial statements

The financial statements of the Trust, which is a public 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 in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006.

Sirius Academy meets the definition of a public benefit entity under FRS 102.

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.

Income

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

Grants

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Donations

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

Other income

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

**Notes to the Financial Statements - continued
for the year ended 31st August 2016**

1. ACCOUNTING POLICIES - continued

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 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. Depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Raising funds

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

Charitable activities

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

Tangible fixed assets

Assets costing less than £3,000 are written off in the year of acquisition. All other assets are capitalised as tangible fixed assets and are carried at cost, net of any 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 Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Leasehold Land introduced	- over the period of occupation
Leasehold buildings introduced	- 50 years, based on the original valuation on occupation
Leasehold buildings improvements	- 25 years from the date of first use
Motor vehicles	- between 3 and 7 years
Computer equipment and software	- between 3 and 6 years
Fixtures and fittings	- between 3 and 10 years

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.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Leased assets

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

Stocks

Unsold catering stocks are valued at the lower of cost or net realisable value.

**Notes to the Financial Statements - continued
for the year ended 31st August 2016**

1. ACCOUNTING POLICIES - continued

Taxation

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

Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pension benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in 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 the staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund accounting

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

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

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

Acquisition

In March 2015, Sirius Academy became a Multi Academy Trust.

On 1st September 2015, the assets and liabilities of Northern Academy Hull Limited were transferred to the Multi Academy Trust. The assets have been valued at their fair value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in resources expended as net expenditure in the statement of financial activities and analysed under the unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in the notes.

**Notes to the Financial Statements - continued
for the year ended 31st August 2016**

1. ACCOUNTING POLICIES - continued

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 circumstances.

The 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 the notes, 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 31st March 2013 has been used by the actuary in valuing the pensions liability at 31st 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. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
Donated land and buildings	-	-	-	37,877
Capital grants	-	46	46	31
Transferred from Northern Academy Hull Limited (See note 26)	240	20,938	21,178	-
	<u>240</u>	<u>20,984</u>	<u>21,224</u>	<u>37,908</u>

3. FUNDING FOR THE TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
General Annual Grant (GAG)	-	14,148	14,148	8,914
Other DfE grants	-	1,153	1,153	890
School standards funds	-	142	142	126
Special educational projects	349	282	631	566
Start-Up grant	-	168	168	20
	<u>349</u>	<u>15,893</u>	<u>16,242</u>	<u>10,516</u>

4. OTHER TRADING ACTIVITIES

	Unrestricted funds £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
Other income	13	-	13	28
Hire of facilities	64	-	64	58
	<u>77</u>	<u>-</u>	<u>77</u>	<u>86</u>

Notes to the Financial Statements - continued
for the year ended 31st August 2016

5. INVESTMENT INCOME

	Unrestricted funds £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
Deposit account interest	<u>26</u>	<u>-</u>	<u>26</u>	<u>34</u>

6. EXPENDITURE

	Staff costs £'000	Non-pay expenditure Premises £'000	Other costs £'000	2016 Total £'000	2015 Total £'000
Raising funds					
Costs of fundraising	-	-	147	147	139
Charitable activities					
Academies educational operations					
Direct costs	11,174	1,270	2,109	14,553	8,475
Allocated support costs	<u>1,705</u>	<u>1,516</u>	<u>232</u>	<u>3,453</u>	<u>2,060</u>
	<u>12,879</u>	<u>2,786</u>	<u>2,488</u>	<u>18,153</u>	<u>10,674</u>

Net income/(expenditure) is stated after charging/(crediting):

	2016 £'000	2015 £'000
Depreciation - owned assets	1,534	509
Operating leases - plant and machinery	45	36
Auditors' Remuneration for audit services	14	6
Auditors' Remuneration for non-audit services	<u>4</u>	<u>4</u>

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
Direct costs	14,553	14,553	8,475
Support costs	<u>3,453</u>	<u>3,453</u>	<u>2,060</u>
	<u>18,006</u>	<u>18,006</u>	<u>10,535</u>

	2016 Total £'000	2015 Total £'000
Analysis of support costs		
Support staff costs	1,705	839
Premises costs	1,516	1,038
Other support costs	202	92
Governance costs	<u>30</u>	<u>33</u>
Total support costs	<u>3,453</u>	<u>2,060</u>

Notes to the Financial Statements - continued
for the year ended 31st August 2016

8. SUPPORT COSTS

	Management	Governance costs	Totals
	£'000	£'000	£'000
Trust's educational operations	<u>3,423</u>	<u>30</u>	<u>3,453</u>

Support costs, included in the above, are as follows:

	2016 Trust's educational operations £'000	2015 Trust's educational operations £'000
Catering	146	50
Support staff costs	1,705	897
Recruitment and support	56	42
Maintenance of premises and equipment	318	183
Cleaning	26	11
Rent and rates	176	185
Energy costs	349	257
Insurance	121	79
Security and transport	16	14
Other costs	510	309
Governance costs	<u>30</u>	<u>33</u>
	<u>3,453</u>	<u>2,060</u>

9. TRUSTEES' REMUNERATION AND BENEFITS

With the exception of the Principal, the trustees do not receive any payment from the Trust other than the reimbursement of expenses incurred in the course of their duties. The Principal only receives remuneration in respect of services they provide undertaking the role under their contract of employment. The value of the trustees' remuneration was as follows:

C Taylor (Principal & Trustee)

Remuneration £130,000 - £135,000 (2015 £130,000 - £135,000).

Employer's pension contributions paid £20,000 - £25,000 (2015 £15,000 - £20,000).

Trustees' expenses

During the year ended 31st August 2016, travel and subsistence expenses totalling £109 (2015 £7) were reimbursed to one trustee (2015 one director).

Other related party transactions involving the trustees are set out in note 25.

Sirius Academy

Notes to the Financial Statements - continued for the year ended 31st August 2016

10. STAFF COSTS

	2016 £000	2015 £000
Wages and salaries	10,017	6,151
Social security costs	786	445
Operating costs of defined benefit pension schemes	<u>1,742</u>	<u>961</u>
	12,545	7,557
Supply staff costs	<u>335</u>	<u>152</u>
	<u>12,880</u>	<u>7,709</u>

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

	2016	2015
Teachers	181	112
Administration and support	212	132
Management	<u>1</u>	<u>1</u>
	<u>394</u>	<u>245</u>

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

	2016	2015
£60,001 - £70,000	5	3
£70,001 - £80,000	2	1
£90,001 - £100,000	1	1
£130,001 - £140,000	<u>1</u>	<u>1</u>
	<u>9</u>	<u>6</u>

One of the above employees was a member of the Government Pension Scheme and the remainder were in the Teachers' Pension Scheme. Pension contributions relating to these employees amounted to £114,715 (2015 £70,729).

The key management personnel of the academy trust comprise the trustees and the senior leadership 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 £860,460 (2015: £446,309)

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice, the Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31st August 2016 was £3,860 (2015 £2,360).

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

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds £'000	Restricted Fixed Assets Fund £'000	Restricted Funds £'000	Total funds £'000
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	-	37,908	-	37,908
Charitable activities				
Funding for the academy's educational operations	53	-	10,463	10,516
Other trading activities	86	-	-	86
Investment income	<u>34</u>	<u>-</u>	<u>-</u>	<u>34</u>
Total	173	37,908	10,463	48,544

Notes to the Financial Statements - continued
for the year ended 31st August 2016

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted Funds £'000	Restricted Fixed Assets Fund £'000	Restricted Funds £'000	Total funds £'000
EXPENDITURE ON				
Raising funds	139	-	-	139
Charitable activities				
Academy's educational operations	-	509	10,026	10,535
Total	139	509	10,026	10,674
NET INCOME/(EXPENDITURE)	34	37,399	437	37,870
Other recognised losses				
Actuarial losses on defined benefit schemes	-	-	(15)	(15)
Net movement in funds	34	37,399	422	37,855
RECONCILIATION OF FUNDS				
Total funds brought forward	154	210	1,328	1,692
TOTAL FUNDS CARRIED FORWARD	188	37,609	1,750	39,547

13. TANGIBLE FIXED ASSETS

	Long leasehold £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST					
At 1st September 2015	37,993	125	75	71	38,264
Additions	-	177	81	46	304
Transfer from Northern Academy Hull Limited	23,411	966	12	862	25,251
At 31st August 2016	61,404	1,268	168	979	63,819
DEPRECIATION					
At 1st September 2015	469	80	38	68	655
Charge for year	1,270	177	19	68	1,534
Transfer from Northern Academy Hull Limited	1,405	428	8	773	2,614
At 31st August 2016	3,144	685	65	909	4,803
NET BOOK VALUE					
At 31st August 2016	58,260	583	103	70	59,016
At 31st August 2015	37,524	45	37	3	37,609

On 1st September 2015, the Multi Academy Trust recognised the transfer of leasehold land and buildings, relating to Sirius North, with a net book value of £22,006,000.

Notes to the Financial Statements - continued
for the year ended 31st August 2016

14. STOCKS

	2016	2015
	£'000	£'000
Catering stocks	<u>12</u>	<u>-</u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£'000	£'000
Other debtors	592	611
Prepayments	<u>130</u>	<u>68</u>
	<u>722</u>	<u>679</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£'000	£'000
Trade creditors	557	196
Social security and other taxes	249	144
Other creditors	205	117
Accruals and deferred income	<u>361</u>	<u>401</u>
	<u>1,372</u>	<u>858</u>

Deferred income

	2016	2015
	£'000	£'000
Deferred income at 1st September 2014	41	30
Resources deferred in the year	90	41
Amounts released from previous years	<u>(41)</u>	<u>(30)</u>
Deferred income at 31st August 2015	<u>90</u>	<u>41</u>

Deferred income relates to monies for the 2016-2017 academic year. Amounts carried forward relate to:

	£'000
Collaborative fund	80
School trips	6
British Council	1
School Games Organiser	<u>3</u>
	<u>90</u>

**Notes to the Financial Statements - continued
for the year ended 31st August 2016**

17. OPERATING LEASE COMMITMENTS

At 31st August 2016 the Trust had annual commitments under non-cancellable operating leases as follows:

	Other operating leases	
	2016	2015
	£'000	£'000
Expiring:		
Within one year	70	35
Between one and five years	<u>127</u>	<u>2</u>
	<u>197</u>	<u>37</u>

18. 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 debts and liabilities contracted before he/she ceased to be a member. At 31st August 2016 and 31st August 2015, the number of members was three.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted	Restricted		2016	2015
	Funds	Fixed Assets	Restricted	Total	Total
	£'000	Fund	Funds	funds	funds
	£'000	£'000	£'000	£'000	£'000
Fixed assets	-	59,016	-	59,016	37,609
Current assets	733	-	3,382	4,115	3,721
Current liabilities	-	-	(1,372)	(1,372)	(858)
Pension liability	-	-	(3,617)	(3,617)	(925)
	<u>733</u>	<u>59,016</u>	<u>(1,607)</u>	<u>58,142</u>	<u>39,547</u>

Notes to the Financial Statements - continued
for the year ended 31st August 2016

20. MOVEMENT IN FUNDS

	At 1.9.15 £'000	Net movement in funds £'000	Transfers between funds £'000	At 31.8.16 £'000
Unrestricted funds				
General fund	188	545	-	733
Restricted funds				
General Annual Grant (GAG)	2,536	(285)	(241)	2,010
Other Restricted	138	(138)	-	-
Pension Reserve	(925)	(2,692)	-	(3,617)
DfE/EFA Capital Grants	23	93	-	116
Capital Expenditure From GAG	175	(50)	241	366
Donated Fixed Asset Fund	37,412	21,122	-	58,534
	39,359	18,050	-	57,409
TOTAL FUNDS	39,547	18,595	-	58,142

Net movement in funds, included in the above are as follows:

	Incoming resources £'000	Resources expended £'000	Gains and losses £'000	Movement in funds £'000
Unrestricted funds				
General fund	692	(147)	-	545
Restricted funds				
General Annual Grant (GAG)	13,846	(14,131)	-	(285)
Start Up Grant	168	(168)	-	-
Other DfE/EFA Grants	1,437	(1,437)	-	-
LEA and Other Grants	142	(142)	-	-
Other Restricted	295	(433)	-	(138)
Pension Reserve	(1,711)	(160)	(821)	(2,692)
DfE/EFA Capital Grants	165	(72)	-	93
Capital Expenditure From GAG	-	(50)	-	(50)
Donated Fixed Asset Fund	22,535	(1,413)	-	21,122
	36,877	(18,006)	(821)	18,050
TOTAL FUNDS	37,569	(18,153)	(821)	18,595

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

DfE/EFA GAG Funding

DfE/EFA General Annual Grant (GAG) includes funding allocated per pupil through the school budget share and post 16 funding. It also includes the Local Authority Central Spend (LACSEG) and funding for insurance and rates. The General Annual Grant (GAG) must be used to meet normal running costs of the Trust.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31st August 2016.

Start-Up Grant

The Start-Up Grant is given in the first six years of the operation of the Trust, on a reducing basis over that period. It is provided to cover the anticipated shortfall in income over the operating costs whilst the number of pupils attending the school is below the maximum.

**Notes to the Financial Statements - continued
for the year ended 31st August 2016**

20. MOVEMENT IN FUNDS - continued

Other DfE/EFA Grants

The other DfE/EFA grants must be used for the specific purpose for which they are given. These grants are given to fulfil the charitable objects of the Trust.

LEA and Other Restricted Funds

These funds comprise grants receivable from sources other than central government, to be expended for specific purposes within the charitable objects of the Trust.

Restricted Fixed Asset Fund

The Restricted Fixed Asset Fund represents fixed assets donated by Kingston upon Hull City Council together with assets funded by the DfE/EFA capital grants.

The transfer of funds of £241,000 from GAG has been used to acquire tangible fixed assets.

Total funds analysis by academy

Fund balances at 31st August 2016 were allocated as follows:

	2016 £000	2015 £000
Sirius Academy West	2,010	2,862
Sirius Academy North	735	-
Total before fixed assets and pension reserve	2,745	2,862
Restricted fixed asset fund	59,016	37,610
Pension reserve	(3,617)	(925)
Total	58,142	39,547

Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs (excluding depreciation) £000	2016 £000	2015 £000
Sirius West Academy	7,180	1,078	225	2,331	10,814	10,106
Sirius North Academy	3,995	627	145	1,037	5,804	-
Academy Trust	11,175	1,705	370	3,368	16,618	10,106

**Notes to the Financial Statements - continued
for the year ended 31st August 2016**

21. PENSION AND SIMILAR OBLIGATIONS

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

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

Contributions amounting to £199,053 were payable to the schemes at 31 August 2016 (2015: £115,959) and are included within creditors.

Teachers' pension scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1st April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1st 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
- 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 1st April 2019.

The employer's pensions costs paid to TPS in the period amounted to £1,030,116 (2015: £579,226).

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

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

**Notes to the Financial Statements - continued
for the year ended 31st August 2016**

21. PENSION AND SIMILAR OBLIGATIONS - continued

Local government pension scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £684,000 (2015: £338,000) of which employer's contributions totalled £552,000 (2015: £260,000) and employees' contributions totalled £132,000 (2015: £78,000). The agreed contribution rates to 31st March 2016 are 20.4% for employers and employee contribution rates will range between 5.5% and 9.9%.

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

Principal actuarial assumptions

	At 31st August 2016	At 31st August 2015
Rate of increase in salaries	2.30%	4.10%
Rate of increase for pensions in payment/inflation	2.10%	2.70%
Discount rate for scheme liabilities	2.10%	3.80%

Sensitivity analysis Sirius Academy West

Changes in assumptions at 31 August 2016	Approximate %increase to employer liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	13%	695
1 year increase in member life expectancy	3%	161
0.5% increase in Salary Increase Rate	4%	202
0.5% increase in Pension Increase Rate	9%	476

Sensitivity analysis Sirius Academy North

Changes in assumptions at 31 August 2016	Approximate %increase to employer liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	12%	497
1 year increase in member life expectancy	3%	120
0.5% increase in Salary Increase Rate	4%	173
0.5% increase in Pension Increase Rate	8%	310

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

	At 31st August 2016	At 31st August 2015
Retiring Today		
Males	21.9	21.9
Females	24.1	24.1
Retiring in 20 years		
Males	24.2	24.2
Females	26.7	26.7

The academy trust's share of the net assets in the scheme were:

	Fair value at 31st August 2016 £000	Fair value at 31st August 2015 £000
Equity Instruments	4,298	2,245
Debt Instruments	630	299
Property	630	329
Cash	172	120
Total market value of assets	5,730	2,993

Sirius Academy

Notes to the Financial Statements - continued for the year ended 31st August 2016

21. PENSION AND SIMILAR OBLIGATIONS - continued

Local government pension scheme

The actual return on the scheme assets was £834,000 (2015: (£18,000)).

Amounts recognised in the statement of financial activities

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(612)	(352)
Net interest cost	(100)	(31)
Benefit charges, gain/(loss) on curtailment and gain/(loss) on settlement	552	260
Total operating charge	<u>(160)</u>	<u>(123)</u>

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

	2016 £000	2015 £000
At 1st September	(3,918)	(3,458)
Transferred from Northern Academy Hull Limited	(3,014)	-
Current Service Cost	(612)	(352)
Interest Cost	(273)	(135)
Employee Contributions	(132)	(78)
Actuarial (gain)/loss	(1,482)	71
Benefits paid	84	34
At 31st August	<u>(9,347)</u>	<u>(3,918)</u>

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

	2016 £000	2015 £000
At 1st September	2,993	2,671
Transferred from Northern Academy Hull Limited	1,303	-
Interest income	173	104
Actuarial gain/(loss)	661	(86)
Employer contributions	552	260
Employee contributions	132	78
Benefits paid	(84)	(34)
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31st August	<u>5,730</u>	<u>2,993</u>

The net liabilities recognised at 31st August 2016 are:

	2016 £000	2015 £000
Sirius West	1,440	925
Sirius North	2,177	-
	<u>3,617</u>	<u>925</u>

The deficit in respect of the employees of Northern Academy Hull Limited, now Sirius North, represents their cumulative service at both the predecessor school and the Multi Academy Trust at the Balance Sheet date.

**Notes to the Financial Statements - continued
for the year ended 31st August 2016**

22. CONTINGENT LIABILITIES

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

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

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

23. CAPITAL COMMITMENTS

At 31st August 2016 the Trust had no capital commitments (2015: £18,472)

24. RELATED PARTY DISCLOSURES

Owing to the nature of the Trust 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 Trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account.

IT@Spectrum - a company in which Mr K. Sturdy (a trustee of the trust from 27th February 2015) has a significant interest:

- Sirius West entered into an operating lease with this company for computer equipment, before the appointment of Mr Sturdy to the board. The selection of IT@ Spectrum was made in full compliance with the Trust's financial regulations. The lease contracted was terminated in June 2016.
- Sirius North had entered into an operating lease with this company for computer equipment, before he joined the Multi Academy Trust.
- Payments totalling £172,726 were made under these operating leases in the period 1st September to 31st August 2016. There was £23,844 owed as at 31st August 2016 in relation to excess copy charges.

Sowden and Sowden Limited - Sirius Academy has a long-standing contractual arrangement with Sowden & Sowden Limited, a respected marketing agency based in Hull. Mr P Sowden, a director and shareholder of Sowden & Sowden Limited, has always had a real passion for Sirius Academy and was considered an ideal person to be a trustee; and was duly invited to join the Trust Board when a vacancy arose. When it was realised that, by being a trustee, Mr Sowden would need to be able to demonstrate that marketing services were only charged 'at cost' to Sirius Academy, rather than risk causing issues for either party, it was mutually agreed that Mr Sowden should no longer be a trustee, with him resigning as a trustee on 28th January 2016. During the period from 1st September 2015 to 27th January 2016, the Trust made payments totalling £53,635 to Sowden & Sowden Limited, being the continuation of a long-standing arrangement since before Mr Sowden joined the trust board. The services of Sowden & Sowden were secured as a result of a competitive tender process and the trustees consider that they represent value for money.

The Deep - a company of which Mr N Porteus (a trustee of the trust from 27th February 2015) is a Director:

- The Trust purchased services from The Deep. The selection of this company was made in full compliance with the Trust's financial regulations.
- Payments totalling £261 were made in the period 1st September to 31st August 2016 and there were no amounts outstanding at the year end.

25. ULTIMATE CONTROLLING PARTY

The Trust is a company limited by guarantee, has no share capital and is controlled by its members.

**Notes to the Financial Statements - continued
for the year ended 31st August 2016**

26. ACQUISITION

On 1st September 2015 Northern Academy Hull Limited ceased to exist and all operations, assets and liabilities were transferred to Sirius Academy. The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised in incoming resources in the Statement of Financial Activities.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total £000
Tangible fixed assets	-	-	22,636	22,636
Current assets	240	590	18	848
Current liabilities	-	(595)	-	(595)
Pension scheme liability	-	(1,711)	-	(1,711)
	<u>240</u>	<u>(1,716)</u>	<u>22,654</u>	<u>21,178</u>

The above pension scheme liability is the LGPS deficit relating to the employees who were transferred from the predecessor school, Northern Academy Hull Limited.

27. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £'000	2015 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	19,416	37,870
Adjustments for:		
Depreciation	1,534	509
Donated land and buildings	-	(37,877)
Interest received	(26)	(34)
Transfer from Northern Academy Hull Limited	(20,927)	-
Increase in stocks	(12)	-
Increase in debtors	(43)	(184)
Increase/(decrease) in creditors	514	(343)
Difference between pension charge and cash contributions	160	123
Net cash provided by operating activities	<u>616</u>	<u>64</u>

**Notes to the Financial Statements - continued
for the year ended 31st August 2016**

28. TRANSITION TO FRS 102

The Trust has adopted FRS 102 for the first time in the year ended 31st August 2016.

The effect of transition to FRS 102 is outlined below.

a) Changes in accounting policies

There were no consequential changes in accounting estimates resulting from adoption of FRS 102.

b) Reconciliation of funds

There were no adjustments to previously reported funds at the date of transition to FRS 102.

c) Reconciliation of comparative period statement of financial activities

Adjustments to previously reported net movement in funds in the comparative period were as follows:

	£'000
Net movement in funds for the period ended 31st August 2015 under previous financial reporting framework	37,855
FRS 102 adjustment to pension costs	(58)
FRS 102 adjustment to actuarial gains/losses	58
Net movement in funds under FRS 102	<u>37,855</u>