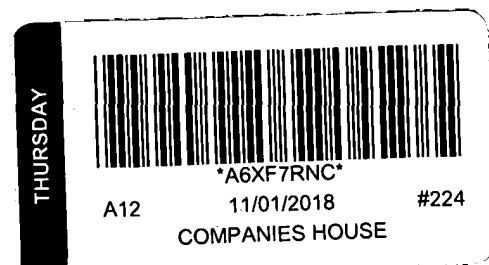


The Fulwood Academy

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31st August 2017



The Fulwood Academy

Annual Report and Financial Statements

Year Ended 31st August 2017

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The Fulwood Academy

Reference and Administrative Details

Year Ended 31st August 2017

Trustees

Sir C W Dunstone (Sponsor)
V Hornby
F W Wood

Governors

R Kalia (Chairman) (resigned 13th September 2017)
S Henry (ex officio and Principal)
A Banes (resigned 4th July 2017)
A Darbourne
A Ellis (staff)
P Haslam
W Pallant
C Ponsonby
D Walker
D Waring (staff)
F W Wood

Company Secretary

E Wortley-Shotton (Appointed 8th February 2017)

Senior Leadership Team

Principal
Vice Principal
Vice Principal
Director of Finance and Business

S Henry
L Waring
S Wilson
E Wortley-Shotton

Company Name

The Fulwood Academy

Principal and Registered Office

Fulwood Academy
Black Bull Lane
Fulwood
Preston
PR2 9YR

Registered Company Number

06960253

Independent Auditor

CWR Chartered Accountants
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Bankers

Lloyds Bank plc
Mercer Row
Louth Branch
PO Box 1000
BX1 1LT

Solicitors

Pannone LLP
58 Mosley Street
Manchester
M3 3HZ

The Fulwood Academy

Trustees' Report

Year Ended 31st August 2017

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period from 1st September 2016 to 31st August 2017. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 16 serving a catchment area in North Preston. It has a pupil capacity of 1000 and had a roll of 766 in the school census on 5th October 2017.

Structure, Governance and Management

Constitution

The Academy is a company limited by guarantee and an exempt charity. The Academy was incorporated on 13th July 2009 and commenced trading on 1st September 2009. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy. Members of the charitable company are nominated by Sir Charles Dunstone, the main sponsor of the Academy. The Articles of Association require the members of the charitable company to appoint at least three trustees to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy. The charitable company is known as The Fulwood Academy.

Details of the trustees and governors 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.

Principal Activities

The principal object and activity of the charitable company is the operation of the Fulwood Academy to provide education for pupils of different abilities between the ages of 11 and 16.

The company also maintains the Fulwood Academy Endowment Fund. The Fund was created to hold the endowment to be paid by the Academy's sponsor, the Charles Dunstone Charitable Trust, and totals £2 million, fully paid. The trustees are responsible for determining the specific uses of Endowment Fund income, which will be used to counter the educational impact of disadvantage and deprivation, and for educational work within the local community. This income should not be used to meet the normal running costs of the Academy.

Method of Recruitment and Appointment or Election of Trustees and Governors

The trustees are appointed by the Academy sponsor; the trustee board may appoint up to three co-opted trustees, and the Secretary of State for Education may appoint trustees in exceptional circumstances. No trustees were co-opted nor were appointments made by the Secretary of State in 2016/2017. Trustees may be removed by the person or persons who appointed them. The governors are appointed by the Academy sponsor, with the exception of a parent governor, who is elected by parents of the pupils at the Academy, two staff governors, who are elected by the staff of the Academy, and a local government representative who is appointed by Lancashire County Council. The Education Funding Agency may appoint an observer to the governing body.

Policies and Procedures Adopted for the Induction and Training of Governors

All governors are provided with copies of procedures, minutes, accounts, budgets, plans and other documents that they need to undertake their role as governors.

The Fulwood Academy

Trustees' Report

Year Ended 31st August 2017

Organisational Structure

The Academy is governed by the trustee board which delegates functions as appropriate to a Local Governing Body who are appointed by the trustees as a committee. Trustees are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation. The organisational structure of the Academy consists of three levels: The trustees, governors, and the Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, and senior staff appointments. The governors are responsible for monitoring the performance of the Principal and Senior Leadership Team on a regular basis.

The Senior Leadership Team members are the Principal, two Vice Principals, the Director of Finance and Business and five Assistant Principals. These managers control the Academy at an executive level implementing the policies laid down by the governors and reporting back to them. As a group the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff.

Arrangements for setting pay and remuneration of key management personnel

Pay decisions are reviewed annually each September by a committee of three governors following a robust performance management process set by the Principal and Senior Leadership Team. Staff members have to show success in three mutually agreed objectives in order for a decision to be recommended for any pay progression.

Once this process has been completed a list of recommendations are then submitted to a panel of three governors for final approval. Trustees and governors receive no remuneration in relation to their roles, and act in a voluntary capacity with their work at Fulwood Academy.

The only exception to this are the two staff governors who receive salaries based on their purely day to day responsibilities and nothing further for their governance responsibilities.

Related parties and other Connected Charities and Organisations

Fulwood Academy is sponsored by Sir Charles Dunstone. The academy receives funding from 'The Charles Dunstone Charitable Trust' through the form of donations. The charity is a grant making trust applying funds to various charities at the trustee's discretion. The Charles Dunstone Charitable trust has connections with many organisations in the arts and culture, community care, education, training, medical and social welfare sectors.

Fulwood Academy confirms it does not have any connections or links, directly or indirectly to any of the other charities supported by the Charles Dunstone Charitable Trust.

Objectives and Activities

Objects and Aims

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting pupils to the Academy, the catchment area from which the pupils are drawn, and that the curriculum should develop the substance of the national curriculum.

The Fulwood Academy

Trustees' Report

Year Ended 31st August 2017

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

- To improve outcomes for all pupils
- To implement a new broad and balanced curriculum
- To raise expectations and aspirations
- To model lifelong learning approaches amongst staff and pupils
- To value and practice exemplary teaching
- To initiate and practice collaboration and partnerships with pupils, colleagues, parents and carers and the communities of Fulwood to build regional, national and international networks to benefit our pupils
- To provide value for money for the funds expended
- To comply with all appropriate statutory and curriculum requirements
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness

Objectives, Strategies and Activities

The Academy's main strategy is encompassed in its ethos, vision, and values wherein the Academy is committed to young people's entitlement to a good education, and pupils of all abilities will be supported to achieve their full potential. Staff and pupils are committed to the Academy's vision "Ambition and Achievement For All" and values of "Aim High", "Work Hard", "Be Nice", "No Excuses".

To this end the Academy aims to provide:

- A curriculum which will focus on understandings and competence that have enduring and intrinsic value
- Opportunities to show pupils how to incorporate new information into their existing knowledge through activities that induce critical thinking with conceptual as well as practical real life problems
- Successful personalised learning approaches which relate to and build on the learner's experience, knowledge and cognitive skills and thus develop their confidence and competence - leading towards autonomy, emancipation and self-actualisation
- Opportunities that focus on each individual's potential, developing their learning skills and enhancing creativity, personal and social skills

Public Benefit

The Academy's catchment area includes some of the most deprived areas of Lancashire. Pupils are admitted in accordance with the admissions policy agreed with the Department for Education (DfE), which is based on the Academy's catchment area. Pupils are able to study a wide range of subjects, and in addition the Academy offers a range of activities and experiences (extra-curricular activities) for its pupils, funded from donations and other non-restricted income, which help our pupils to broaden their horizons beyond the immediate area.

Strategic Report

Achievements and Performance

2016/2017 saw the final cohort of A Level and Level 3 BTEC pupils complete their education at the Academy.

A Level results were below average with a progress score of -0.43, however Level 3 BTEC vocational and tech level subjects once again performed better than the academic subjects. Here, the pupils achieved a positive value added score of 0.08. The vast majority of pupils in Year 13 in 2016/17 went on to their first choice destination of university, college or apprenticeship.

The Fulwood Academy

Trustees' Report

Year Ended 31st August 2017

In 2014/15 the decision was made to close the sixth form so that all the best teaching is focused on the main school in the drive to raise standards and improve outcomes for all pupils by the end of Year 11. The academy can now confirm that the final cohort of sixth form students left in the summer of 2017.

Direct comparisons of the 2016/17 GCSE results with previous years is not possible due to a change of accountability measures. However, unvalidated data from 2017 shows that the progress of pupils significantly improved when compared with 2015/16. Pupils achieved a progress score of -0.33. However, when comparing with all pupils nationally this is still below average. There were significant improvements in the progress of disadvantaged pupils and work continues to be on-going to ensure progress is made in these areas in future years.

The Academy was most recently inspected by OFSTED in October 2016. Their report on the overall effectiveness of the Academy was 'Requires Improvement' the same as the previous inspection report in June 2015. However, the effectiveness of leadership and management and personal development, behaviour and welfare have been graded as 'Good'.

Many positive comments were made about the ongoing work and progress of the Academy in the October 2016 OFSTED report.

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. A letter of support has been received in relation to the ongoing support from the Charles Dunstone Charitable Trust, up to a level of £723k for the 2017-18 year. For these reasons 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.

Financial Review

Most of the Academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31st August 2017 and the associated expenditure are shown as restricted funds (non fixed assets) in the Statement of Financial Activities. The Academy also receives grants for fixed assets from the ESFA. In accordance with the Charities 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 assets fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31st August 2017, total expenditure of £6,491,000 (2016: £6,187,000) was greater than recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the year was £302,000 (2016: £107,000), prior to actuarial movements on the pension scheme.

The all-weather sports pitch, currently funded from restricted non-fixed asset funds, is still expected to be redesignated to a functional endowment, at which point the loan from the restricted non-fixed asset fund to the restricted fixed asset fund will be repaid from the endowment.

At 31st August 2017 the net book value of fixed assets was £502,000 (2016: £588,000) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy. The Academy's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy balance sheet includes a net liability of £596,000 (2016: £908,000).

The Fulwood Academy

Trustees' Report

Year Ended 31st August 2017

Financial and Risk Management Objectives and Policies

The Academy will carry a cash balance into 2017/2018 which is smaller than in previous years, cash flow will therefore continue to be closely managed. The increase in pupil numbers will affect grant funding in 2017/2018 and beyond. The Academy intends to utilise its cash balances to cushion the impact of any falling grants over time supported by further funds from the Sponsor. The Academy does carry a pension deficit, which has decreased from £908,000 as at 31st August 2016 to £596,000 as at 31st August 2017, however the current cash impact this deficit has on the Academy is limited to the employer contributions the academy makes.

Reserves Policy

The Academy's "free" reserves are its funds after excluding restricted funds and the permanent endowment fund. "Reserves" are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically "free reserves" represent income to the Academy which is to be spent at the trustees' discretion in furtherance of any of the Academy's objects but which is not yet spent, committed or designated.

The Academy is in a development phase. Whilst demands on the Academy's free reserves will therefore vary over the coming years, the Academy's long-term policy is that the appropriate level of free reserves should be equivalent to one month's expenditure, currently estimated to be between £450,000 and £650,000. 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 stand at £206,000 (2016: £252,000). However, it does hold substantial balances to be used for the Academy's charitable purposes. In the medium term, the Academy intends to build up its free reserves to the level required, which will be achieved as pupil numbers and income levels improve over the medium to long term.

Investment Policy

The trustees agree all investments made by the Academy. Investments are made with regard to Charity Commission guidance in relation to investments. Currently all investments are held in cash.

Principal Risks and Uncertainties

The Academy maintains a detailed risk register that is discussed by the Senior Leadership Team and key risks are then reported to the Governing Body. The Academy's key risks currently are academic, based around standards, examination results, and the Academy's ability to offset historic low admissions with increasing pupil numbers into year 7.

Risk Management

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, pupil progress, data reliability and other operational areas of the Academy, and its finances. The governors have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of academy grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls, as disclosed in the Governance Statement.

The Fulwood Academy

Trustees' Report

Year Ended 31st August 2017

Key Performance Indicators

The key performance indicators of the Academy are considered to be pupil outcomes, pupil numbers, incoming resources and expenditure. These KPI's are discussed within the Strategic Report in 'Achievements and Performance' and 'Financial Review'.

Plans for Future Periods

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

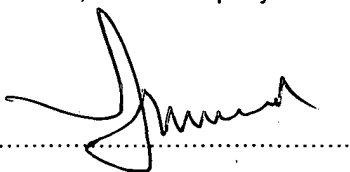
The Academy will continue striving to improve the levels of performance of its pupils at all levels and continue its efforts to ensure its pupils get jobs or a place in higher education once they leave. The Academy's targets for 2017/2018 are to secure improved outcomes for pupils, raising pupil numbers on roll and securing an overall "Good" with OFSTED across all areas.

Auditor

In so far as the trustees are aware:

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

The Trustees' Report, incorporating a strategic report, is approved by order of the members of the board of trustees, as the company directors on 6th December 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Frederick William Wood', is written over a horizontal dotted line.

Frederick William Wood
Trustee and member of the Governing Body

The Fulwood Academy

Governance Statement

Year Ended 31st August 2017

Scope of Responsibility

As Trustees and Governors ("the Governing Body"), we acknowledge we have overall responsibility for ensuring The Fulwood 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 only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Governing Body has delegated the day-to-day responsibility to the Principal, as accounting officer, for ensuring that 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 Fulwood Academy and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Full Governing Body has met on four occasions during the year. Attendance during the year at meetings of the Governing Body was as follows: -

Governor		Meetings Attended	Out of a possible
R Kalia	Chair of Governors	4	4
S Henry	Principal	4	4
A Banes	Governor	3	3
A Darbourne	Governor	4	4
A Ellis	Non Teacher Staff Governor	4	4
P Haslam	Governor	3	4
W Pallant	Parent Governor	4	4
C Ponsonby	Governor	4	4
D Walker	LEA Governor	3	4
D Waring	Teacher Governor	4	4
F Wood	Trustee and Governor	4	4

In addition to these meetings there was regular dialogue between both the Principal and Chair of Governors, and the Chair of Governors and Sponsor.

Value for Money Statement

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

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

Resources were effectively deployed in 2016-17 to help secure improved standards and outcomes. Indeed the Academy secured a 'good judgement for leadership and management'.

Set out below are details on how the Academy trust's use of its resources has provided good value for money during the academic year:

The Fulwood Academy

Governance Statement

Year Ended 31st August 2017

Improving educational results

1. The staffing structure is reviewed constantly, but particularly in February / March to ensure staffing is efficiently covering the teaching required after Option choices at GCSE have been made.

The Academy restructured to reflect the closure of the Sixth Form and to drive the Academy forward.

2. The Academy continues to use resources to improve Literacy and reading levels particularly at KS3.
 - The Springboard programme was introduced to close gaps from Key Stage 2
 - An Accelerated Reading Scheme continues to be used to promote reading levels.
 - A full-time Librarian runs the Library/Learning Centre for study/reading and research.
 - The Academy made use of sponsorship funds to subsidise uniform for the pupils and ensure pupils from disadvantaged backgrounds had equal opportunities at the academy to progress their studies.
 - The Academy has made additional investments in continuing professional development, particularly to train middle leaders in securing stronger outcomes for pupils. We have placed two staff on the Teaching Leaders programme.
 - The Academy uses Blue Sky software to manage staff performance management and introduced IRIS
 - to develop the quality of learning and teaching.
 - Teaching Assistants are assigned to pupils and used to improve progress.
 - The Academy has also acquired the services of a trained Ofsted Inspector to act as the Academy Improvement Partner. He provides support to the senior and middle leadership team and acts as quality assurance for the Academy.
3. Our Academy Plus Unit does much work with individual pupils. Dyslexic pupils receive 1:1 attention as do EAL pupils. Individual pupils are mentored by Teaching Assistants. Additional pastoral support is given, with counselling, nurture groups etc.
4. We work with the Ambition School Leadership organisation, to improve our teaching and learning.
5. An extra-curricular programme for Year 7-11 provides a rich variety of extra-curricular activities.
6. The Academy tracks the Pupil Premium spending to evidence impact on pupil achievement. We can show much improved attendance figures due to alternative provision for disengaged pupils, and work done by our staff in attendance, behaviour and pastoral support has brought our attendance figure up to above the National Average.

Financial Governance

In addition to following the Academies Financial Handbook, the Academy has its own Financial Regulations Manual, and Financial Scheme of Delegation which details information on the academy's accounting procedures.

The Fulwood Academy

Governance Statement

Year Ended 31st August 2017

Purchasing

Many of the educational material orders are placed with regular suppliers with best prices negotiated at budget holder level. A significant discount has also been negotiated with a book supplier.

Increased internet usage, with easy price comparison, has also given better opportunity to get lowest cost.

Income Generation

Circumstances within the Academy (i.e. transfer to new building late in 2012) have been such that much of the revenue from lettings has been temporarily suspended due to planning permissions for floodlights being declined and therefore income from letting the 3G astro turf pitch is limited.

Controls

Regular budget monitoring reports are reviewed on an ongoing basis. External audit reports are prepared on an annual basis by CWR Chartered Accountants and these reports challenge many of the financial procedures.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy 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 The Fulwood Academy Trust for the year ended 31st August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ended 31st August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and general purposes committee of reports;
- setting targets to measure financial and other performance;
- financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and decided to use Moore & Smalley as an independent reviewer instead of an internally appointed Responsible Officer ("RO").

The Fulwood Academy

Governance Statement

Year Ended 31st August 2017

Moore and Smalley last reported to the Governing Body on 21st June 2017. Moore and Smalley undertook a review of internal financial systems and procedures to ensure that an adequate internal control framework has been maintained in the year.

Review of Effectiveness

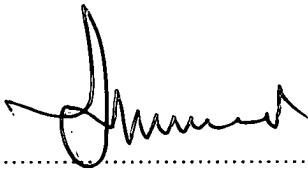
As accounting officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control.

During the year the review has been informed by:

- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of executive managers within the Academy 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 the review of the system of internal control by the Governing Body and a plan to address weaknesses and ensure continuous improvement of the system in place.

Approved by order of the members of the Governing Body on 6th December 2017 and signed on its behalf by:



Frederick William Wood
Trustee and Member of the Governing Body



Stephen Henry
Accounting Officer

The Fulwood Academy

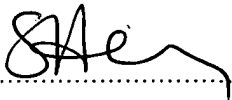
Statement on Regularity, Propriety and Compliance

Year Ended 31st August 2017

As accounting officer of The Fulwood Academy I have considered my responsibility to notify the academy trust's board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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 ESFA.



Stephen Henry
Accounting Officer

Date: 6/12/17

The Fulwood Academy

Statement of Trustees' Responsibilities

Year Ended 31st August 2017

The trustees are responsible for preparing the Trustees' Report (including the Strategic Report and Directors' Report) and the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

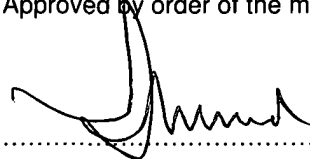
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (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 charitable company will continue in operation.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education and Skills Funding Agency and Department for Education have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 6th December 2017 and signed on its behalf by


.....

Frederick William Wood
Trustee and member of the Governing Body

The Fulwood Academy

Independent Auditor's Report to the Members of The Fulwood Academy

Year Ended 31st August 2017

We have audited the financial statements of The Fulwood Academy (the 'Academy Trust') for the year ended 31st August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the Academy 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 Academy Trust's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the Academy Trust's Members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

(Continued)

The Fulwood Academy

Independent Auditor's Report to the Members of The Fulwood Academy

Year Ended 31st August 2017

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

(Continued)

The Fulwood Academy

Independent Auditor's Report to the Members of The Fulwood Academy

Year Ended 31st August 2017

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Mr Robert Mitchell ACA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
Statutory Auditor
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date: 11/12/2017

The Fulwood Academy

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

Year Ended 31st August 2017

In accordance with the terms of our engagement letter dated 31st August 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Fulwood Academy during the year from the 1st September 2016 to the 31st August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Fulwood Academy's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Fulwood Academy's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1st September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from the 1st September 2016 to the 31st August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions includes:

- Obtaining evidence including those tests relevant to the circumstances of the Academy Trust as prescribed in Section 9.4 of the Academies Accounts Direction 2016 to 2017 issued by the ESFA; and
- Planning and performing any additional tests we deemed necessary to express an opinion on regularity.

(Continued)

The Fulwood Academy

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

Year Ended 31st August 2017

Conclusion

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

RMH

Mr Robert Mitchell ACA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
Statutory Auditor
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date: 11/12/2017

The Fulwood Academy

Statement of Financial Activities (including Income and Expenditure Account)

Year Ended 31st August 2017

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Fulwood Academy Endowment Fund	Total 2017	Total 2016
	Note	£000	£000	£000	£000	£000	£000
Income and endowments from:							
Donations and capital grants	3	8	1,800	17	-	1,825	1,670
Charitable activities:							
Funding for the Academy	6	-	4,337	-	-	4,337	4,370
Trust's educational operations							
Other trading activities	4	20	-	-	-	20	39
Investments	5	7	-	-	-	7	1
Total		35	6,137	17	-	6,189	6,080
Expenditure on:							
Raising funds		-	-	-	-	-	-
Charitable activities:							
Academy trust's educational operations	7,8	20	6,368	103	-	6,491	(6,187)
Other		-	-	-	-	-	-
Total		20	6,368	103	-	6,491	(6,187)
Net income/(expenditure)		15	(231)	(86)	-	(302)	(107)
Transfers between funds	15	(61)	61	-	-	-	-
Other recognised gains/(losses)							
Actuarial gains/(losses) on defined benefit pension schemes	15, 25	-	487	-	-	487	(674)
Net movement in funds		(46)	317	(86)	-	185	(781)
Reconciliation of funds:							
Total funds brought forward	15	252	(1,360)	620	2,000	1,512	2,293
Total funds carried forward	15	206	(1,043)	534	2,000	1,697	1,512

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

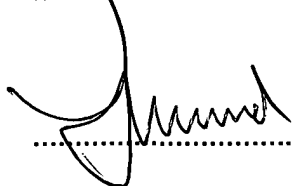
The Fulwood Academy

Balance Sheet

Year Ended 31st August 2017

	Notes	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Tangible assets	12		502		588
Current assets					
Debtors	13	119		100	
Cash at bank and in hand		2,129		2,303	
		<u>2,248</u>		<u>2,403</u>	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>(457)</u>		<u>(571)</u>	
Net current assets			<u>1,791</u>		<u>1,832</u>
Total assets less current liabilities			2,293		2,420
Net assets excluding pension liability			<u>2,293</u>		<u>2,420</u>
Defined benefit pension scheme liability	25		(596)		(908)
Net assets including pension liability			<u>1,697</u>		<u>1,512</u>
Funds of the Academy Trust:					
Restricted funds					
Permanent endowment		2,000		2,000	
Fixed asset fund	15	534		620	
Non-fixed asset fund	15	(447)		(452)	
Pension reserve	15	<u>(596)</u>		<u>(908)</u>	
Total restricted funds			1,491		1,260
Unrestricted income funds	15		206		252
Total funds			<u>1,697</u>		<u>1,512</u>

The financial statements on pages 19 to 42 were approved by the trustees, and authorised for issue on the 6th December 2017 and are signed on their behalf by:



Frederick William Wood
Trustee and member of the Governing Body

Company Limited by Guarantee
Registration Number: 06960253

The Fulwood Academy

Statement of Cash Flows

Year Ended 31st August 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Net cash (used in)/ provided by operating activities	19	(182)	220
Cash flows from investing activities	21	8	16
Cash flows from financing activities		-	-
Change in cash and cash equivalents in the reporting period		<u>(174)</u>	<u>236</u>
Cash and cash equivalents at 1st September 2016		2,303	2,067
Cash and cash equivalents at 31st August 2017	22	<u>2,129</u>	<u>2,303</u>

The Fulwood Academy

Notes to the Financial Statements

Year Ended 31st August 2017

1 Statement of accounting policies

General information and basis of preparation

The Fulwood Academy is a company limited by guarantee incorporated in England. The address of the registered office is given in the Reference and Administrative Details given on page 1 of these financial statements and the principal place of business is Black Bull Lane, Fulwood, Preston, PR2 9YR. The nature of the Academy Trust's operations and principal activities are set out in the Trustees' Report on page 2.

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

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

Going concern

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

After making appropriate enquiries, the Governing Body has an expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. The Governing Body has reviewed forecasts for the Academy for the next 5 financial years to 2021/22.

In line with increasing pupil numbers in each of the next five years, income levels are increasing, whilst the cost base of the Academy is expected to remain stable. A further £723k of financial support has been committed from the Charles Dunstone Charitable Trust in order for the Academy to meet its liabilities as they fall due. In line with the increasing income levels and pupil numbers the Academy is forecasting to achieve in year surpluses from the academic year 2019/20.

Income

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

- **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 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 period for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

The Fulwood Academy

Notes to the Financial Statements

Year Ended 31st August 2017

1 Statement of accounting policies (continued)

Grants receivable (continued)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31st August 2017 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.

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

- **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

- **Other income**

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

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and "Income from other trading activities". Upon sale, the value of the stock is charged against "Income from other trading activities" and the proceeds are recognised as "Income from other trading activities". Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within "Income from other trading activities".

The Academy has not yet signed a lease in relation to the new school. The Academy will enter into a 125 year lease for the entire site, including the refurbished main hall and sports hall, once snagging issues are resolved. The premises have been externally valued and will be capitalised into the balance sheet once the lease is signed and depreciated over their estimated useful life, deemed to be 50 years. A notional rent charge of £580,855 has been made which will continue annually until the Academy is transferred on completion of the lease.

Expenditure

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

The Fulwood Academy

Notes to the Financial Statements

Year Ended 31st August 2017

1 Statement of accounting policies (continued)

Expenditure (continued)

- **Expenditure on raising funds**

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

- **Charitable activities**

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

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. Where there are specific restrictions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Leasehold land and buildings	5-50 years straight line
Fixtures, fittings and equipment	3-10 years straight line
ICT equipment	3 years straight line

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

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

Agency arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 27.

The Fulwood Academy

Notes to the Financial Statements

Year Ended 31st August 2017

1 Statement of accounting policies (continued)

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 Academy 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.

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased assets

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

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

The Academy 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 Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, Chapter 3 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.

The Fulwood Academy

Notes to the Financial Statements

Year Ended 31st August 2017

1 Statement of accounting policies (continued)

Financial instruments (continued)

Pensions Benefits

Retirement benefits to employees of the Academy 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 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability 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 income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders 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 Education and Skills Funding Agency/Department for Education.

The Fulwood Academy

Notes to the Financial Statements

Year Ended 31st August 2017

1 Statement of 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 the circumstances.

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, 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 2016 has been used by the actuary in valuing the pensions liability at 31st August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The Fulwood Academy

Notes to the Financial Statements

Year Ended 31st August 2017

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was subject to limits at the 31st August 2017 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy Trust has not exceeded these limits during the year ended 31st August 2017.

3 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
ESFA capital grants	-	17	17	17
Private sponsorship	-	1,142	1,142	1,037
Notional rent	-	581	581	581
Other donations	8	77	85	35
	<u>8</u>	<u>1,817</u>	<u>1,825</u>	<u>1,670</u>

Income from donations and capital grants was £1,825,000 (2016 - £1,670,000) of which £8,000 (2016 - £1,000) was attributable to unrestricted funds, £1,800,000 (2016 - £1,652,000) was attributable to restricted general funds and £17,000 (2016 - £17,000) was attributable to restricted fixed asset funds.

4 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Hire of facilities	10	-	10	4
Sundry income	10	-	10	35
	<u>20</u>	<u>-</u>	<u>20</u>	<u>39</u>

Income from other trading activities was £20,000 (2016 - £39,000) of which £20,000 (2016 - £39,000) was attributable to unrestricted funds, and £nil (2016 - £nil) was attributable to restricted general funds.

5 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Bank interest	<u>7</u>	<u>-</u>	<u>7</u>	<u>1</u>

Investment income was £7,000 (2016 - £1,000) of which £7,000 (2016 - £1,000) was attributable to unrestricted funds and £nil (2016 - £nil) was attributable to restricted general funds.

The Fulwood Academy

Notes to the Financial Statements

Year Ended 31st August 2017

6 Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
DfE/ESFA revenue grants				
General Annual Grant (GAG)	-	4,004	4,004	4,052
Other DfE/ESFA grants	-	319	319	310
	<u>-</u>	<u>4,323</u>	<u>4,323</u>	<u>4,362</u>
Other Government grants				
Specialist Schools and Academies Trust	-	-	-	3
Local Authority grants	-	14	14	5
	<u>-</u>	<u>14</u>	<u>14</u>	<u>8</u>
	<u>-</u>	<u>4,337</u>	<u>4,337</u>	<u>4,370</u>

Funding for Academy Trust's educational operations was £4,337,000 (2016 - £4,370,000) of which £nil (2016 - £nil) was attributable to unrestricted funds, £4,337,000 (2016 - £4,370,000) was attributable to restricted general funds and £nil (2016 - £nil) was attributable to restricted fixed asset funds.

£4,337,000 (2016 - £4,370,000) of government grants were received for the purposes of the day to day running costs of the academy and its charitable objectives.

The Fulwood Academy

Notes to the Financial Statements

Year Ended 31st August 2017

7 Expenditure

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	Total 2017 £000	Total 2016 £000
Academy Trust's educational operations					
Direct costs	3,491	-	666	4,157	4,069
Allocated support costs	804	927	603	2,334	2,118
	<u>4,295</u>	<u>927</u>	<u>1,269</u>	<u>6,491</u>	<u>6,187</u>

£20,000 (2016 - (£28,000)) of the above expenditure on the Academy Trust's educational operations was attributable to unrestricted funds, £6,368,000 (2016 - (£6,052,000)) was attributable to restricted general funds and £103,000 (2016 - £107,000) was attributable to restricted fixed asset funds.

Net income/expenditure for the year includes:

	2017 £000	2016 £000
Depreciation	103	107
Fees payable to the auditor for:		
Audit	5	22
Other services	<u>5</u>	<u>-</u>

No transactions have taken place under Section 3.1.8 of the 2016 Academies Financial Handbook which require additional disclosure.

The Fulwood Academy

Notes to the Financial Statements

Year Ended 31st August 2017

8 Charitable activities

	Total 2017 £000	Total 2016 £000
Direct costs – educational operations	4,157	4,069
Support costs – educational operations	<u>2,334</u>	<u>2,118</u>
	6,491	6,187

Analysis of support costs

	Total 2017 £000	Total 2016 £000
Support staff costs	804	759
Depreciation	103	107
Premises costs	824	755
Other support costs	588	475
Governance costs	<u>15</u>	<u>22</u>
Total support costs	2,334	2,118

Included within governance costs are any costs associated with the strategic as opposed to day to day management of the academy's activities. This will include the cost of any administrative support provided to the trustees and costs relating to the statutory requirements including audit and preparation of statutory accounts.

The Fulwood Academy

Notes to the Financial Statements

Year Ended 31st August 2017

9 Staff

(a) Staff costs

	2017 £000	2016 £000
Staff costs during the period were:		
Wages and salaries	3,076	3,311
Social security costs	307	277
Pension costs	601	543
Operating costs of defined benefit pension schemes	-	-
	<u>3,984</u>	<u>4,131</u>
Supply staff costs	185	174
Staff restructuring costs	126	119
	<u>4,295</u>	<u>4,424</u>
Staff restructuring costs comprise:		
Severance payments	126	119
	<u>126</u>	<u>119</u>

(b) Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £125,800 (2016: £118,885). Individually, the payments were for £18,500, £4,800, £14,000, £19,100, £28,600, £4,200, £22,500 and £14,100.

(c) Staff numbers

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

	2017 Number	2016 Number
Teaching staff	54	59
Administration and support	46	48
Management	6	7
	<u>106</u>	<u>114</u>

(d) Higher paid staff

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

	2017 No.	2016 No.
£60,001 - £70,000	1	1
£70,001 - £80,000	-	1
£100,001 - £110,000	1	1
	<u>2</u>	<u>3</u>

The Fulwood Academy

Notes to the Financial Statements

Year Ended 31st August 2017

9 Staff (continued)

(e) Key management personnel

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 £294,061 (2016: £263,417).

10 Related party transactions - Trustees' remuneration and expenses

No trustees have been paid remuneration or have received other benefits from an employment with the Academy Trust.

Other related party transactions involving the trustees are set out in note 26.

11 Trustees' and officers' insurance

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

The Fulwood Academy

Notes to the Financial Statements

Year Ended 31st August 2017

12 Tangible fixed assets

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Total £000
Cost				
At 1 st September 2016	798	136	151	1,085
Additions	-	12	6	18
Disposals	-	(4)	-	(4)
At 31 st August 2017	<u>798</u>	<u>144</u>	<u>157</u>	<u>1,099</u>
Depreciation				
At 1 st September 2016	(246)	(100)	(151)	(497)
Charged in period	(81)	(19)	(2)	(102)
Disposals	-	2	-	2
At 31 st August 2017	<u>(327)</u>	<u>(117)</u>	<u>(153)</u>	<u>(597)</u>
Net book values				
At 31 st August 2016	552	36	-	588
At 31 st August 2017	<u>471</u>	<u>27</u>	<u>4</u>	<u>502</u>

13 Debtors

	2017 £000	2016 £000
Trade debtors	35	1
VAT recoverable	16	50
Other debtors	2	2
Prepayments and accrued income	66	47
	<u>119</u>	<u>100</u>

14 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	55	57
Other taxation and social security	68	75
Other creditors	15	14
Accruals and deferred income	319	425
	<u>457</u>	<u>571</u>

The Fulwood Academy

Notes to the Financial Statements

Year Ended 31st August 2017

15 Funds

	Balance at 1 st September 2016 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 st August 2017 £000
Restricted general funds					
General Annual Grant (GAG)	(5)	4,004	(4,060)	61	-
Other DfE/ESFA	-	319	(319)	-	-
LEA funding	-	10	(10)	-	-
Donation for rent of premises	-	581	(581)	-	-
Donation for educational operations	-	1,142	(1,142)	-	-
Loan to restricted fixed asset funds	(447)	-	-	-	(447)
Trustee Grant	-	55	(55)	-	-
Other restricted funds	-	26	(26)	-	-
Pension reserve	(908)	-	(175)	487	(596)
	(1,360)	6,137	(6,368)	548	(1,043)
Restricted permanent endowment fund	2,000	-	-	-	2,000
Restricted fixed asset funds					
DfE/ESFA capital grants	32	17	-	(17)	32
Capital expenditure from GAG	138	-	(103)	17	52
Trustee Grant	3	-	-	-	3
Loan from restricted non-fixed asset funds	447	-	-	-	447
	620	17	(103)	-	534
Total restricted funds	1,260	6,154	(6,471)	548	1,491
Total unrestricted funds	252	35	(20)	(61)	206
Total funds	1,512	6,189	(6,491)	487	1,697

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

General Annual Grant must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current GAG. Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes.

Other DfE/ESFA grants include monies received outside of GAG funding for example the Pupil Premium. At the period end these funds had been fully spent.

Local Authority grants represent amounts payable to the Academy from Lancashire County Council. This includes funds which relate specifically to Special Educational Needs (SEN) funding. As at the 31st August 2017 these funds had been spent in full.

Donation for rent of premises - the buildings are deemed to be occupied under the current agreement on a rental basis. Due to this a notional rental expense is covered equally by a notional donation towards rent as shown in the accounts.

The Fulwood Academy

Notes to the Financial Statements

Year Ended 31st August 2017

15 Funds (continued)

Donation for educational operations - the school has continued to be supported by sponsorship from the Sir Charles Dunstone Charitable Trust. During the year sponsorship totalling £1,142,000 was received and fully utilised in the year.

Trustee grant relates to monies received relating to Place2B funding and was fully utilised in the year.

Other restricted funds include monies from trips & non public funds. During the period the trips & non public funds had no excess expenditure over income.

The pension reserve represents the value of the Academy's share of the deficit in the Local Government Pension Scheme. The value of the deficit had reduced to £596,000 at the 31st August 2017.

The restricted endowment fund is The Fulwood Academy Endowment Fund. The interest may be transferred to unrestricted funds and will be used to counter the educational impact of disadvantage and deprivation, and for educational work within the local community. The all-weather sports pitch, currently funded from restricted funds, is expected to be redesignated to a functional endowment, at which point the loan of £447,000 from restricted funds to restricted fixed asset funds will be repaid from the endowment.

DfE/ESFA capital grants represent capital monies received during the period from the ESFA. As at the 31st August 2017 £32,000 of these funds remained unspent.

Capitalised assets post conversion represents the value of assets purchased since conversion to academy status. These will be depreciated in line with the accounting policies set out in note 1.

Unrestricted funds represents funds generated via activities such as from lettings and bank interest receivable. The surplus on this fund at the period end was £206,000 and these funds can be used at the discretion of the Trustees to meet the charitable objectives of the Academy.

16 Analysis of net assets between funds

Fund balances at the 31st August 2017 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Permanent Endowment £000	Total Funds £000
Tangible fixed assets	-	-	502	-	502
Current assets	206	10	32	2,000	2,248
Current liabilities	-	(457)	-	-	(457)
Pension scheme liability	-	(596)	-	-	(596)
Total net assets/(liabilities)	206	(1,043)	534	2,000	1,697

17 Capital commitments

	2017 £000	2016 £000
Contracted for, but not provided in the financial statements	-	-

The Fulwood Academy

Notes to the Financial Statements

Year Ended 31st August 2017

18 Commitments under operating leases

Operating leases

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

	2017 £000	2016 £000
Amounts due within one year	-	-
Amounts due between one and five years	-	-
Amounts due after five years	-	-
	<u>-</u>	<u>-</u>

19 Reconciliation of net (expenditure)/income to net cash inflow from operating activities

	2017 £000	2016 £000
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(302)	(107)
Adjusted for:		
Depreciation (note 12)	102	107
Capital grants from DfE and other capital income	(17)	(17)
Interest receivable (note 5)	(7)	(1)
Pension scheme administration cost	-	3
Defined benefit pension scheme cost less contributions payable (note 25)	157	85
Defined benefit pension scheme finance cost (note 25)	18	4
Increase in debtors	(19)	(41)
(Decrease)/Increase in creditors	(114)	187
Net cash (used in)/provided by operating activities	<u>(182)</u>	<u>220</u>

20 Cash flows from financing activities

	2017 £000	2016 £000
Repayments of borrowing	-	-
Cash inflows from borrowing	-	-
Net cash provided by/(used in) financing activities	<u>-</u>	<u>-</u>

21 Cash flows from investing activities

	2017 £000	2016 £000
Dividends, interest and rents from investments	7	1
Proceeds from sale of tangible fixed assets	2	-
Purchase of tangible fixed assets	(18)	(2)
Capital grants from DfE/ESFA	17	17
Net cash provided by investing activities	<u>8</u>	<u>16</u>

The Fulwood Academy

Notes to the Financial Statements

Year Ended 31st August 2017

22 Analysis of cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	2,129	2,303
Total cash and cash equivalents	2,129	2,303

23 Contingent Liabilities

During the period of the funding agreement, in the event of the sale or disposal by other means of any capital asset for which a Government Capital grant was received, the School is required to either re-invest the proceeds or to repay 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, as the Secretary of State may require.

24 Members' Liability

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

25 Pension and similar obligations

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

The latest actuarial valuation of the TPS was 31st March 2012 and of the LGPS 31st March 2013.

Contributions amounting to £10,587 (2016: £10,530) were payable to the schemes at 31st August 2017 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 Fulwood Academy

Notes to the Financial Statements

Year Ended 31st August 2017

25 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

The latest actuarial valuation of the TPS was carried out as at 31st 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 9th 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; and
- 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%.

The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1st April 2019.

The pension costs paid to TPS in the period amounted to £346,000 (2016: £371,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31st August 2017 was £121,000 (2016: £132,000), of which employer's contributions totalled £80,000 (2016: £87,000), and employees' contributions totalled £41,000 (2016: £45,000). The agreed contribution rates for future years are 11.3% for employers and the rate for employees remains dependent on the salary of the employee.

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

As described in note 1 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

The Fulwood Academy

Notes to the Financial Statements

Year Ended 31st August 2017

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Principal Actuarial Assumptions

	At 31 st August 2017	At 31 st August 2016
Rate of increase in salaries	3.7%	3.3%
Rate of increase for pensions in payment/inflation	2.2%	1.9%
Discount rate for scheme liabilities	2.4%	2.1%
Inflation assumption (CPI)	2.2%	1.8%
Commutation of pensions to lump sums	0%	0%

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

	At 31 st August 2017	At 31 st August 2016
<i>Retiring today</i>		
Males	22.6	23.0
Females	25.2	25.6
<i>Retiring in 20 years</i>		
Males	24.9	25.2
Females	27.9	27.9

Sensitivity analysis

		Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4
	Central	+0.1% pa discount rate	+0.1% pa inflation	+0.1% pa pay growth	1 year increase in life expectancy
	£000	£000	£000	£000	£000
Liabilities	4,120	4,032	4,209	4,134	4,199
Assets	(3,524)	(3,524)	(3,524)	(3,524)	(3,524)
Deficit	596	508	685	610	675
Projected service cost	237	230	245	237	242
Projected net interest cost	13	12	16	14	15

The Fulwood Academy

Notes to the Financial Statements

Year Ended 31st August 2017

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	Fair value at 31 st August 2017 £000	Fair value at 31 st August 2016 £000
Equities	1,548	1,231
Government bonds	67	-
Other bonds	81	80
Property	366	303
Cash	162	112
Other	1,300	1,464
Derivatives	-	-
Total market value of assets	3,524	3,190
Present value of scheme liabilities-funded	(4,120)	(4,098)
Deficit in the scheme	(596)	(908)

The actual return on scheme assets was £399,000 (2016: £630,000)

Amounts recognised in the statement of financial activities

	2017 £000	2016 £000
Current service cost (net of employee contributions)	234	172
Admin Expenses	-	3
Interest cost	-	4
Total operating charge	234	179

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

	2017 £000	2016 £000
At 1st September	4,098	2,622
Current service cost	234	172
Past service cost	-	-
Curtailment charge	-	-
Interest cost	86	105
Employee contributions	41	45
Remeasurement of liabilities (gain)/loss	(304)	1,203
Actuarial (gain)/loss	-	-
Benefits paid	(35)	(49)
Losses or gains on curtailments	-	-
Past service costs	-	-
Unfunded pension payments	-	-
Effect of non-routine transactions	-	-
At 31st August	4,120	4,098

The Fulwood Academy

Notes to the Financial Statements

Year Ended 31st August 2017

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2017 £000	2016 £000
At 1st September	3,190	2,480
Interest income	68	-
Return on plan assets (excluding interest income)	-	101
Remeasurement of assets	183	529
Administration expenses	(3)	(3)
Assets distributed on settlements	-	-
Actuarial gain/(loss)	-	-
Employer contributions	80	87
Employee contributions	41	45
Benefits paid	(35)	(49)
Effect of non-routine settlements	-	-
At 31st August	<u>3,524</u>	<u>3,190</u>

26 Related Party Transactions

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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

27 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting year ending 31st August 2017, the trust received £5,000 and disbursed £8,000 from the fund. This included the distribution of the funds brought forward amounting to £3,000.

An amount of £Nil (2016: £3,000) is included in other creditors relating to undistributed funds.