

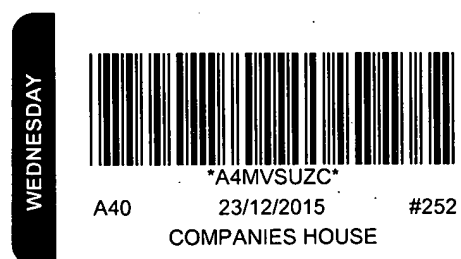
# **The Fulwood Academy**

**(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**Year ended 31 August 2015**

**Company Registration Number: 6960253**



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## **Reference and Administrative Information**

### **Trustees**

Sir Charles Dunstone	Sponsor
David C Goldie	
Victoria Hornby	
Frederick W Wood	

### **Governing Body**

David C Goldie	Chair
Stephen Henry	Principal
Alan Banes	
Sajed Bashir	Parent Governor
Russell E Chambers	End of Term of Office 18 September 2014
Andrew Darbourne	
Judith F Elcomb	Teacher governor, End of Term of Office 18 September 2014
Alison Ellis	Non-teacher staff governor
Philip Haslam	
Alan Kinson	Parent governor
Charles Ponsonby	
Stephen Thompson	
Donna Waring	Teacher governor Appointed 03 Feb 2015
Frederick W Wood	

### **Company Secretary**

Janet Bailey	Appointed 18 November 2015
Gordon Parton	Termination of office 21 January 2015

### **Registered Office**

Fulwood Academy  
 Black Bull Lane  
 Fulwood  
 Preston  
 PR2 9YR

### **Principal Office**

Fulwood Academy  
 Black Bull Lane  
 Fulwood  
 Preston  
 PR2 9YR

### **Registered Company Number**

6960253

### **Auditor**

KPMG LLP  
 1 Sovereign Square  
 Sovereign Street  
 Leeds LS1 4DA

### **Solicitors**

Pannone LLP  
 123 Deansgate  
 Manchester  
 M3 2BU

### **Bankers**

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

## **Trustees' Report**

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2015.

### **Structure, Governance and Management**

#### **Constitution**

The Academy is a company limited by guarantee with no share capital (registration no. 6960253) and an exempt charity for taxation purposes. The Academy was incorporated on 13 July 2009 and commenced trading on 1 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.

Details of the trustees and governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

A copy of the Annual Report and Financial Statements is filed with the Registrar of Companies.

#### **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 19.

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.

## **Trustees' Report** *(continued)*

### **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 2014/2015. 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 students 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.

### **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 Business Manager and three 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.

### **Risk Management**

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, student 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 school grounds) and internal financial controls (see below) 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.

## **Trustees' Report** *(continued)*

### **Connected Organisations, including Related Party Relationships**

Fulwood Academy has a partnership with Achieve Together. No transactions have taken place with this party in the year.

### **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 students to the Academy, the catchment area from which the students are drawn, and that the curriculum should develop the substance of the national curriculum.

The main objectives of the Academy during the period ended 31 August 2015 are summarised below:

- To bring the Academy out of Special Measures at the earliest opportunity
- To take a radical look at learning for today and develop a sound and successful strategy for the future
- To raise expectations and aspirations
- To model life long learning approaches amongst staff and students
- To value and practice exemplary teaching
- To initiate and practice collaboration and partnerships with students, colleagues, parents and carers, and the communities of Fulwood to build regional, national and international networks to benefit our students
- 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 Policy wherein the Academy is committed to young people's entitlement to a good education, and students of all abilities will be supported to achieve their full potential. Staff and students are committed to the Academy's vision "Ambition and Achievement For All" and values of "Aim High", "Work Hard", "Be Nice", "No Excuses".

## **Trustees' Report** *(continued)*

### **Objectives, Strategies and Activities** *(continued)*

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 students 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 (particularly in relation to ICT) and enhancing creativity, personal and social skills

### **Public Benefit**

The Academy's catchment includes some of the most deprived areas of Lancashire. Students are admitted in accordance with the admissions policy agreed with the Department for Education (DfE), which is based on the Academy's catchment area. Students 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 students, funded from donations and other non-restricted income, which help our students to broaden their horizons beyond the immediate area.

## **Strategic Report**

### **Achievements and Performance**

2014/2015 was the sixth academic year of the Academy. Total students in the year ended 31 August 2015 numbered 771 (2014: 777).

2014/2015 saw the third cohort of A Level and Level 3 BTEC students complete their education at the Academy. Although A Level results were disappointing overall, they were an improvement on 2013/14 and some subjects performed strongly. These include: English Literature; Religious Studies and French. Level 3 BTEC subjects once again performed better than the academic subjects particularly in performing arts and sport.

GCSE results were significantly improved with Year 11 achieving a 45% 5A\*-C including English and Maths compared to 37% in 2014.

The Academy was inspected by OFSTED in June 2015. Their report on the overall effectiveness of the Academy was 'Requires Improvement' a pleasing increase from the previous inspection report in 2014 of 'Inadequate'. The Leadership and Management of the Academy achieved an effectiveness of 'Good', the previous inspection reported this as 'Inadequate'.

The Academy's extra-curricular programme has been extended to include Years 7-9 on a Friday afternoon, offering a wide range of activities. A two week long summer school was organised for the summer holidays.

## **Trustees' Report** *(continued)*

### **Strategic Report** *(continued)*

#### **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 £2.2m. 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 EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2015 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 EFA. 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 31 August 2015, total expenditure of £6,366,000 was greater than recurrent grant funding from the EFA together with other incoming resources. The excess of expenditure over income for the year was £629,000 (2014: £826,000), prior to actuarial movements on the pension scheme.

The third and final instalment of £1,000,000, of the sponsor's permanent endowment was received in 2014. 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 permanent endowment. Should the Charities Commission not allow reclassification of the permanent endowment from the permanent endowment a letter of support has been received from the Charles Dunstone Charitable Trust to fund £0.5m to the Academy in addition to the £2.2m mentioned above.

At 31 August 2015 the net book value of fixed assets was £693,000 (2014: £782,000) and movements in tangible fixed assets are shown in note 13 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 £142,000 (2014: £5,000). A curtailment charge of £51,000 has been incurred in the year in relation to the scheme.



## **Trustees' Report** *(continued)*

### **Strategic Report** *(continued)*

#### **Financial and Risk Management Objectives and Policies**

The Academy will carry a cash balance into 2015/2016 which is smaller than in previous years, cash flow will therefore continue to be closely managed. The recent decline in student numbers will affect grant funding in 2015/2016 and beyond, and the Academy intends to utilise its cash balances to cushion the impact of falling grants over time supported by further funds from the Sponsor. The Academy does carry a pension deficit, which has increased from £5,000 as at 31 August 2014 to £142,000 as at 31 August 2015, however the current cash impact this deficit has on the Academy is limited to annual contributions of c£70,000 per annum (excluding the one-off curtailment charge in the current year).

#### **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 and examination results, falling student rolls and the Academy's ability to offset historic low admissions with increasing student numbers in years 7 and 12.

#### **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 £239,000 (2014: £190,000). 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 next 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.

## **Trustees' Report** *(continued)*

### **Strategic Report** *(continued)*

#### **Key Performance Indicators**

The key performance indicators of the Academy are considered to be pupil numbers, incoming resources and resources expended. These KPI's are discussed within the Strategic Report within '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 students at all levels and continue its efforts to ensure its students get jobs or a place in higher education once they leave. The Academy's targets for 2015/2016 are to secure improved outcomes for students, raising student numbers on roll and securing at least "Good" with Ofsted.

#### **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, which includes the Strategic Report, is approved by order of the members of the Governing Body on 11 December 2015 and signed on its behalf by:



**David C Goldie**  
Trustee and Chair of Governors

## **Governance Statement**

### **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 Governing Body has met on three occasions during the year. Attendance during the year at meetings of the Governing Body was as follows:-

<b>Member</b>		<b>Meetings Attended</b>
David C Goldie	Trustee and Chair of Governors	4
Stephen Henry	Principal	4
Alan Banes	Governor	4
Sajed Bashir	Parent Governor	2
Andrew Darbourne	Governor	3
Alison Ellis	Non Teacher Staff Governor	4
Philip Haslam	Governor	2
Alan Kinson	Parent Governor and Chair of Finance Committee	3
Charles Ponsonby	Governor	4
Cllr Stephen Thompson	LEA Governor	2
Donna Waring	Teacher Governor	1
Frederick W Wood	Trustee and Governor	2

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.

## **Governance Statement** *(continued)*

### **Value for Money Statement** *(continued)*

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 2014-15 to help secure the removal of 'Special Measures' in June 2015. Indeed the Academy secured a 'good judgement for leadership and management'.

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

#### **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 and subject choices for A level and level 3 subjects have been made.

The Academy restructured to introduce Directors of Faculty to bring experience and additional capacity to drive the Academy forward.

2. The Academy continues to use resources to improve Literacy and reading levels particularly at KS3.
  - A Chatterbox Scheme is organised by a Literacy Co-ordinator in the morning before lessons for paired reading.
  - 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 provide blazers for the students and scholarships 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 students. We have placed three staff on the NPQSL programme and eleven on the NPQML programme. The Academy has introduced Bluesky software to manage staff performance management and introduced IRIS to develop the quality of learning and teaching.
- An additional Maths teacher and also an additional English teacher were appointed until August 2015 to create capacity in those departments to target individuals and groups who were underperforming.

## **Governance Statement** *(continued)*

### **Value for Money Statement** *(continued)*

- Teaching Assistants are assigned to particular faculties and used to intervene with students 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. Focus on individuals**

Our Academy+ Unit does much work with individual students. Dyslexic students receive 1:1 attention as do EAL students. Individual students are mentored by Teaching Assistants and by Sixth Form students in Chatterbox. Additional pastoral support is given, with counselling, nurture groups etc.

4. We work with 'Achieve Together', the Future Leaders, The Middle Leaders and Teach First organisations, to improve our teaching and learning.
5. An extra-curricular programme for Year 7 was introduced in 2012 on a lengthened Friday afternoon. This programme has now been opened to Years 7-9 and provides a rich variety of extra-curricular activities.
6. The Academy is now tracking the Pupil Premium spending to evidence impact on student achievement. We can show much improved attendance figures due to alternative provision for disengaged students, and work done by our staff such as in attendance, behaviour and pastoral appointments which 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, which details information on the academy's accounting procedures.

### **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.

## **Governance Statement** *(continued)*

## **Value for Money Statement** *(continued)*

### **Controls**

Regular budget monitoring reports are reviewed on an ongoing basis. External audit reports are prepared on an annual basis by KPMG LLP 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 31 August 2015 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 31 August 2015 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 which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

## **Governance Statement** *(continued)*

### **The Risk and Control Framework** *(continued)*

The Governing Body has considered the need for a specific internal audit function and decided against this as a requirement, preferring previously to use a Responsible Officer ("RO"). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. The RO reports to the Governing Body on the operation of the systems of control and on the discharge of the financial responsibilities.

The previous RO last reported to the Governing Body on 25 June 2014 and has now left this role. The Academy has not reappointed a RO and has instead relied upon the reviews performed by the Interim Finance Director (not employed by the Academy) and accounting officer in the year to ensure that an adequate internal control framework has been maintained in the year.

The Governing Body are currently considering the need for a RO going forwards; including introducing a reciprocal arrangement with a neighbouring Academy.

### **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:

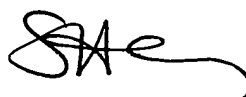
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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 11 December 2015 and signed on its behalf by:



**David C Goldie**  
Trustee and Chair of Governors



**Stephen Henry**  
Accounting Officer

## **Statement on Regularity, Propriety and Compliance**

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

I confirm that I and the academy trust 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.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

  
.....

**Stephen Henry**

**Accounting Officer**



## **Statement of Trustees' Responsibilities**

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 11 December 2015 and signed on its behalf by:



**David C Goldie**  
**Trustee and Chair of Governors**



1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA  
United Kingdom

## **Independent auditor's report to the members of The Fulwood Academy**

We have audited the financial statements of The Fulwood Academy for the year ended 31 August 2015 set out on pages 20 to 45. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2014 to 2015 (SORP 2005) and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2014 to 2015 (SORP 2005) issued by the Education Funding Agency ('EFA') on terms that have been agreed. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and, in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2014 to 2015 (SORP 2005) issued by the EFA, those matters that we have agreed to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Directors and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the Trustees (who act as Directors of the charitable company for the purposes of company law) are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs at 31 August 2015, 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 UK Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006;
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 (SORP 2005) issued by the EFA.

## **Independent auditor's report to the members of The Fulwood Academy (continued)**

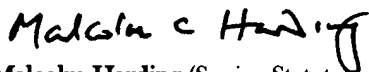
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information in the Trustees' Annual Report, which constitutes the Strategic Report and the Directors' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company 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.



**Malcolm Harding** (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

**17 December 2015**



1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA  
United Kingdom

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

In accordance with the terms of our engagement letter dated 15 November 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by during the period 01 September 2015 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Respective responsibilities of the Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 01 September 2015 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

## **Independent Reporting Accountant's Assurance Report on Regularity to Fulwood Academy and the Education Funding Agency (continued)**

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.

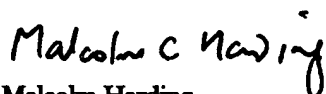
The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Principal on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2014;
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2014 to 2015.

### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 01 September 2015 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Malcolm Harding**  
Reporting Accountant  
for and on behalf of KPMG LLP  
Chartered Accountants  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

**17 December 2015**

**Statement of Financial Activities for the year ended 31 August 2015**  
(including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted Funds – Non-Fixed Assets £000	Restricted Fixed Asset Funds £000	Fulwood Academy Endowment Fund £000	Total Year Ended 31 August 2015 £000	Total Year Ended 31 August 2014 £000
<b>Incoming Resources</b>							
Incoming resources from generated funds:							
Voluntary income	3	1	993	-	-	994	656
Activities for generating funds	4	40	-	-	-	40	45
Investment income	5	3	38	-	2	43	25
Incoming resources from charitable activities:							
Funding for the Academy's educational operations	6	-	4,642	18	-	4,660	4,708
<b>Total incoming resources</b>		<b>44</b>	<b>5,673</b>	<b>18</b>	<b>2</b>	<b>5,737</b>	<b>5,434</b>
<b>Resources expended</b>							
Charitable activities:							
Academy's educational operations	8	-	(6,233)	(114)	-	(6,347)	(6,238)
Governance costs	9	(19)	-	-	-	(19)	(22)
<b>Total resources expended</b>	7	<b>(19)</b>	<b>(6,233)</b>	<b>(114)</b>	<b>-</b>	<b>(6,366)</b>	<b>(6,260)</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>25</b>	<b>(560)</b>	<b>(96)</b>	<b>2</b>	<b>(629)</b>	<b>(826)</b>
Gross transfers between funds		24	-	-	(24)	-	-
<b>Net income/(expenditure) for the year</b>		<b>49</b>	<b>(560)</b>	<b>(96)</b>	<b>(22)</b>	<b>(629)</b>	<b>(826)</b>
Actuarial (loss)/gain on defined pension benefit scheme	23	-	(96)	-	-	(96)	188
<b>Net movement in funds</b>		<b>49</b>	<b>(656)</b>	<b>(96)</b>	<b>(22)</b>	<b>(725)</b>	<b>(638)</b>
<b>Reconciliation of funds</b>							
Funds brought forward		190	-	806	2,022	3,018	3,656
<b>Funds/(deficit) carried forward at 31 August 2015</b>		<b>239</b>	<b>(656)</b>	<b>710</b>	<b>2,000</b>	<b>2,293</b>	<b>3,018</b>

All of the Academy's activities derive from continuing operations during the above two financial periods.

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

The notes on pages 23 to 45 form an integral part of these financial statements.

## Balance sheet at 31 August 2015

	Note	2015 £000s	2014 £000s
<b>Fixed assets</b>			
Tangible assets	13	698	782
		<u>698</u>	<u>782</u>
<b>Current assets</b>			
Debtors	14	59	1,144
Cash at bank and in hand		2,067	1,662
		<u>2,126</u>	<u>2,806</u>
<b>Current liabilities</b>			
Creditors: Amounts falling due within one year	15	(384)	(565)
		<u>1,742</u>	<u>2,241</u>
<b>Net current assets</b>			
		<u>2,435</u>	<u>3,023</u>
<b>Net assets excluding pension liability</b>			
Defined benefit pension scheme liability	23	(142)	(5)
		<u>2,293</u>	<u>3,018</u>
<b>Net assets including pension liability</b>			
		<u>2,293</u>	<u>3,018</u>
<b>Funds</b>			
<b>Restricted funds</b>			
Permanent endowment	16	2,000	2,022
Restricted fixed asset fund	16	710	806
Restricted non-fixed asset (deficit)/fund – before pension liability	16	(514)	5
Defined benefit pension scheme liability	16	(142)	(5)
		<u>2,054</u>	<u>2,828</u>
Restricted funds – after pension liability			
		<u>2,054</u>	<u>2,828</u>
<b>Unrestricted funds</b>			
Unrestricted fund	16	239	190
		<u>239</u>	<u>190</u>
<b>Total unrestricted funds</b>			
		<u>239</u>	<u>190</u>
<b>Total funds</b>		<u>2,293</u>	<u>3,018</u>

The notes on pages 23 to 45 form an integral part of these financial statements.

The financial statements were approved by the trustees, and authorised for issue on 11 December 2015 and are signed on their behalf by:

David C Goldie



Trustee and Chair of Governors COMPANY NUMBER: 6960253

## Cash flow statement for the year ended 31 August 2015

	Note	Year ended 31 August 2015 £000s	Year ended 31 August 2014 £000s
Net cash outflow from operating activities	18	407	(139)
Returns on investments and servicing of finance		5	13
Capital income and expenditure	19	(7)	(172)
		<hr/>	<hr/>
<b>Increase/(decrease) in cash in the year</b>	20	<b>405</b>	<b>(298)</b>
		<hr/>	<hr/>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2014		1,662	1,960
		<hr/>	<hr/>
<b>Net funds at 31 August 2015</b>		<b>2,067</b>	<b>1,662</b>
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 23 to 45 form an integral part of these financial statements.



## **Notes to the financial statements**

### **1 Statement of Accounting Policies**

#### ***Basis of Preparation***

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

#### ***Going Concern***

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of approval of the financial statements.

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. The Governing Body has reviewed forecasts for the Academy for the next 4 financial years. Whilst income levels are expected to decline in line with pupil numbers for the next 2 financial years, the cost base of the Academy is expected to remain stable and a further £2.2m 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. From 2017/18 income levels and pupil numbers are expected to increase with the Academy forecasted to achieve in year surpluses from 2019/20.

For these reasons the going concern basis of preparation is considered appropriate in these financial statements.

#### ***Incoming Resources***

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

- **Grants receivable**

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

- **Sponsorship income**

Sponsorship income provided to the Academy, which amounts to a donation, is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and the amount can be reliably measured.

## **Notes (continued)**

### **Statement of Accounting Policies (continued)**

- **Donations**  
Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.
- **Other income**  
Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.
- **Donated Services and gifts in kind**  
The value of donated services and gifts in kind provided to the Academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category at a depreciated replacement cost and depreciated over the useful economic life in accordance with Academy's policies.

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.

### ***Resources Expended***

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

- **Charitable activities**  
These are costs incurred on the Academy's educational operations.
- **Governance Costs**  
These include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

## **Notes (continued)**

### **Statement of Accounting Policies (continued)**

#### ***Tangible Fixed Assets***

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

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

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 lives, as follows:

Land and buildings	5-50 years
Fixtures, fittings and equipment	3-10 years
ICT equipment	3 years

#### ***Leased Assets***

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

#### ***Taxation***

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

#### ***Pensions Benefits***

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy.

## **Notes (continued)**

### ***Pensions Benefits (continued)***

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

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

### ***Fund Accounting***

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

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

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

## Notes (continued)

### 2 General Annual Grant (GAG)

	2015 £000	2014 £000
GAG brought forward from previous year	-	-
GAG allocation for current year	4,291	4,322
<b>Total GAG available to spend</b>	<b>4,291</b>	<b>4,322</b>
Recurrent expenditure from GAG	4,291	4,319
Fixed assets purchased from GAG	-	3
<b>GAG carried forward to next year</b>	<b>-</b>	<b>-</b>
Maximum permitted GAG carry forward at end of current period (12% of allocation for current year)	515	518
<b>GAG to surrender to DfE</b>	<b>-</b>	<b>-</b>
(12% rule breached if result is positive)	No breach	No breach

### 3 Voluntary income

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Private sponsorship	-	50	50	72
Other donations	1	943	944	584
	<b>1</b>	<b>993</b>	<b>994</b>	<b>656</b>

## Notes (continued)

### 4 Activities for generating funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Hire of facilities	-	-	-	(7)
Sundry income	40	-	40	52
	<hr/>	<hr/>	<hr/>	<hr/>
	40	-	40	45
	<hr/>	<hr/>	<hr/>	<hr/>

### 5 Investment income

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total 2015 £000	Total 2014 £000
Bank interest	3	38	2	43	25
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**Notes (continued)**

**6 Funding for the Academy's educational operations**

	Unrestricted funds £000	Restricted funds non fixed assets £000	Restricted fixed assets funds £000	Total 2015 £000	Total 2014 £000
<b>DfE/EFA capital grant</b>					
Academy main building grants	-	-	18	18	31
	-	-	18	18	31
<b>DfE / EFA revenue grants</b>					
General Annual Grant (GAG) (note 2)	-	4,291	-	4,291	4,322
Other DfE / EFA grants	-	1	-	1	3
	-	4,292	-	4,292	4,325
<b>Other Government grants</b>					
School Standards	-	342	-	342	333
Specialist Schools and Academies Trust	-	-	-	-	12
Funding via Local Authority	-	8	-	8	7
	-	350	-	350	352
	-	4,642	18	4,660	4,708

**Notes (continued)**

**7 Resources expended**

	Staff costs £000	Premises £000	Other costs £000	Total 2015 £000	Total 2014 £000
<b>Academy's educational operations</b>					
Direct costs	3,585	-	556	4,141	4,032
Allocated support costs	686	114	1,406	2,206	2,206
	<b>4,271</b>	<b>114</b>	<b>1,962</b>	<b>6,347</b>	<b>6,238</b>
Governance costs including allocated support costs	-	-	19	19	22
Other finance (income)/costs	-	-	-	-	-
	<b>4,271</b>	<b>114</b>	<b>1,981</b>	<b>6,366</b>	<b>6,260</b>

	2015 £000	2014 £000
<b>Outgoing resources for the year include:</b>		
Fees payable to auditor - audit	19	22
	<b>19</b>	<b>22</b>



## Notes (continued)

### 8 Charitable activities – Academy's educational operations

	Restricted fixed asset funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
<b>Direct costs</b>				
Teaching & educational support staff costs	-	3,585	<b>3,585</b>	3,534
Educational supplies	-	266	<b>266</b>	247
Examination fees	-	70	<b>70</b>	80
Staff development	-	34	<b>34</b>	32
Educational consultancy	-	73	<b>73</b>	48
Other direct costs	-	113	<b>113</b>	90
	<b>-</b>	<b>4,141</b>	<b>4,141</b>	<b>4,031</b>
<b>Allocated support costs</b>				
Support staff costs	-	686	<b>686</b>	616
Depreciation	<b>114</b>	-	<b>114</b>	114
Recruitment and support	-	12	<b>12</b>	9
Maintenance of premises & equipment	-	90	<b>90</b>	73
Cleaning	-	4	<b>4</b>	3
Rent & Rates	-	565	<b>565</b>	596
Heat and lighting	-	203	<b>203</b>	182
Insurance	-	64	<b>64</b>	60
Security and Transport	-	2	<b>2</b>	4
Catering	-	96	<b>96</b>	106
Other support costs	-	370	<b>370</b>	444
	<b>114</b>	<b>2,092</b>	<b>2,206</b>	<b>2,207</b>
	<b>114</b>	<b>6,233</b>	<b>6,347</b>	<b>6,238</b>

### 9 Governance costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Legal and professional fees				
- Audit of financial statements	<b>19</b>	-	<b>19</b>	22

**Notes (continued)**

**10 Staff costs**

Staff costs during the period were:	<b>2015</b>	2014
	<b>£000</b>	£000
Wages and salaries	<b>3,350</b>	3,271
Social security costs	<b>252</b>	249
Pension costs	<b>533</b>	448
	<hr/>	<hr/>
	<b>4,135</b>	3,968
Supply teacher costs	<b>124</b>	103
Compensation payments	<b>12</b>	79
	<hr/>	<hr/>
	<b>4,271</b>	4,150
	<hr/>	<hr/>

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

	<b>2015</b>	2014
	<b>No.</b>	No.
Teachers	<b>67</b>	65
Administration and support	<b>47</b>	50
Management	<b>1</b>	2
	<hr/>	<hr/>
	<b>115</b>	117
	<hr/>	<hr/>

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

	<b>2015</b>	2014
	<b>No.</b>	No.
£60,001 - £70,000	<b>1</b>	2
£70,001 - £80,000	-	1
£90,001 - £100,000	-	1
£110,001 - £120,000	<b>1</b>	-
£140,001 - £150,000	-	1
	<hr/>	<hr/>
	<b>2</b>	5
	<hr/>	<hr/>

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions for these staff amounted to £16,230 (2014: £41,428).

## Notes (continued)

### 11 Governors' remuneration and expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of the Principals' remuneration was £129,100 in 2015 (2014: £189,791). The value of staff governors' remuneration to two governors (2014: 3) was £75,501 (2014: £95,546). During the year ended 31 August 2015, travel and subsistence expenses totalling £Nil (2014: £559) were reimbursed to Nil governors (2014: 2).

### 12 Governors', trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2015 was included within the overall insurance premium.

### 13 Tangible fixed assets

	Land and Buildings	Furniture and equipment	Computer equipment and software	Total
	£000s	£000s	£000s	£000s
<b>Cost</b>				
At 31 August 2014	796	111	151	<b>1,058</b>
Additions	-	25	-	<b>25</b>
Disposals	-	-	-	<b>-</b>
At 31 August 2015	796	136	151	<b>1,083</b>
<b>Accumulated depreciation</b>				
At 31 August 2014	(82)	(51)	(143)	<b>(276)</b>
Charged in period	(82)	(25)	(7)	<b>(114)</b>
Disposals	-	-	-	<b>-</b>
At 31 August 2015	(164)	(76)	(150)	<b>(390)</b>
<b>Net book values</b>				
At 31 August 2014	714	60	8	<b>782</b>
At 31 August 2015	<b>632</b>	<b>60</b>	<b>1</b>	<b>693</b>

## Notes (continued)

### 14 Debtors

	2015	2014
	£000	£000
<b>Amounts due within one year:</b>		
Trade debtors	4	2
VAT receivable	21	8
Permanent endowment	-	1,000
Prepayments and accrued income	34	134
	<u>59</u>	<u>1,144</u>

### 15 Creditors: amounts falling due within one year

	2015	2014
	£000	£000
Trade creditors	77	20
Other taxation and social security	132	76
Accruals and deferred income	175	469
	<u>384</u>	<u>565</u>

	2015	2014
	£000	£000
<b>Deferred income</b>		
Deferred income at 31 August 2014	20	19
Resources deferred in the year	-	20
Amounts released from previous years	(20)	(19)
Deferred income at 31 August 2015	<u>-</u>	<u>20</u>

## Notes (continued)

### 16 Funds

	Balance at 31 August 2014 £000s	Incoming resources £000s	Resources expended £000s	Gains, losses and transfers £000s	Balance at 31 August 2015 £000s
<b>Restricted non-fixed asset funds including pension liability</b>					
General Annual Grant (GAG)	-	4,291	(5,217)	854	(72)
Standards Fund	-	343	(32)	(311)	-
Special Grants	5	-	-	-	5
LEA funding	447	8	(8)	(447)	-
Donation for rent of premises	-	583	(583)	-	-
Donation for educational operations	-	360	(360)	-	-
Loan to restricted fixed asset funds	(447)	-	-	-	(447)
Trustee Grant	-	50	(50)	-	-
Pension reserve	(5)	38	(79)	(96)	(142)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	5,673	(6,329)	-	(656)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Restricted permanent endowment fund</b>	2,022	2	-	(24)	2,000
 <b>Restricted Fixed Asset Funds</b>					
DfE capital grants	394	18	-	-	412
Capital expenditure from GAG	(38)	-	(112)	-	(150)
Trustee Grant	3	-	(2)	-	1
Loan from restricted non-fixed asset funds	447	-	-	-	447
Donation for transferred assets	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	806	18	(114)	-	710
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Unrestricted Funds</b>					
Voluntary income	1	1	-	-	2
Activities for generating funds	115	40	(19)	24	160
Investment income	74	3	-	-	77
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	190	44	(19)	24	239
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## **Notes (continued)**

### **16 Funds (continued)**

#### **Notes**

- (i) 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.
- (ii) Special grants are awarded by the EFA to boost performance within the Academy.
- (iii) LEA funding relates to funding supplied for pupils with Statements of High Needs, passed on to the Academy from the authority's own funding.
- (iv) Restricted fixed assets were funded by government grants.
- (v) The restricted permanent 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 from restricted funds to restricted fixed asset funds will be repaid from the endowment. Should the Charities Commission not allow a reclassification from the permanent endowment a letter of support has been received from the Charles Dunstone Charitable Trust to fund £0.5m to the Academy.
- (vi) The costs and income associated with the defined benefit pension scheme have been recorded in the restricted non-fixed asset fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with these costs.

## Notes (continued)

### 17 Analysis of net assets between funds

<i>Fund balances at 31 August 2015 are represented by:</i>	Unrestricted funds £000s	Restricted funds - non-fixed asset £000s	Restricted fixed asset funds £000s	Permanent endowment £000s	<b>Total 2015 £000s</b>	<b>Total 2014 £000s</b>
Tangible fixed assets	-	-	693	-	<b>693</b>	782
Net current assets	239	(514)	17	2,000	<b>1,742</b>	2,241
Defined benefit pension scheme liability	-	(142)	-	-	<b>(142)</b>	(5)
	<u>239</u>	<u>(656)</u>	<u>710</u>	<u>2,000</u>	<u><b>2,293</b></u>	<u>3,018</u>

### 18 Reconciliation of net income to net cash outflow from operating activities

	<b>2015 £000</b>	<b>2014 £000</b>
Net income	<b>(629)</b>	(826)
Depreciation (note 13)	<b>114</b>	114
Capital grants from DfE and other capital income	<b>(18)</b>	(31)
Interest receivable (note 5)	<b>(43)</b>	(25)
FRS 17 employer contributions (note 23)	<b>(124)</b>	(72)
FRS 17 service cost (note 23)	<b>203</b>	119
Decrease in debtors	<b>1,085</b>	549
(Decrease)/increase in creditors	<b>(181)</b>	33
<b>Net cash inflow/(outflow) from operating activities</b>	<u><b>407</b></u>	<u>(139)</u>

## Notes (continued)

### 19 Capital expenditure and financial investment:

	2015	2014
	£000	£000
Purchase of tangible fixed assets	25	203
Capital grants from DfE/EFA	(18)	(31)
	<hr/>	<hr/>
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>7</b>	<b>172</b>
	<hr/> <hr/>	<hr/> <hr/>

### 20 Analysis of changes in net funds

	At 31 August		At 31 August
	2014	Cash Flows	2015
	£000	£000	£000
Cash in hand and at bank	1,662	405	2,067
	<hr/>	<hr/>	<hr/>

### 21 Contingent liabilities

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

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- (a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy: and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

Upon termination of the Funding Agreement the Academy's pension liability is expected to transfer to any successor organisation.

### 22 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.



## **Notes (continued)**

### **23 Pension and similar obligations**

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the Lancashire County Pension Fund. Both are defined-benefit schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 (published 9 June 2014) and of the LGPS 31 March 2013. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year. The next LGPS valuation is due in 2016.

#### **Teachers' Pension Scheme (TPS)**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

#### **The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

## **Notes (continued)**

### **Valuation of The Teachers' Pension Scheme**

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS was implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

### **Scheme Changes**

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

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

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme will commence on 1 April 2015.

The pension costs paid to TPS in the year amounted to £329,233 (2014: £334,091).

## Notes (continued)

### 23 Pension and similar obligations (continued)

#### Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 August 2015 was £152,000 (2014: £107,000) of which employer's contributions totalled £124,000 (2014: £72,000) and employees' contributions totalled £42,000 (2014: £35,000). The agreed contribution rates for the period ended 31 August 2015 were 11.4% (to March 2014) and 11.6% (from April 2014) for employers; employees' rates varied according to salary.

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

Principal Actuarial Assumptions:	At 31 August 2015	At 31 August 2014
Rate of increase in salaries	3.8%	3.7%
Rate of increase for pensions in payment / inflation	2.3%	2.2%
Discount rate for scheme liabilities	4.0%	4.0%
Inflation assumption (CPI)	2.3%	2.2%
Commutation of pensions to lump sums	0.0%	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 August 2015	At 31 August 2014
<i>Retiring today</i>		
Males	22.9	22.8
Females	25.4	25.3
<i>Retiring in 20 years</i>		
Males	25.1	25.0
Females	27.8	27.7

## Notes (continued)

### 23 Pension and similar obligations (continued)

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

	Expected return at 31 August 2015	Fair value at 31 August 2015	Expected return at 31 August 2014	Fair value at 31 August 2014
Equities	6.5%	854	7.0%	1,139
Government bonds	2.5%	136	2.9%	5
Other bonds	3.6%	64	3.8%	610
Property	6.1%	226	6.2%	220
Cash	0.5%	32	0.5%	55
Other	6.5%	1,168	7.0%	264
<b>Total market value of assets</b>		<b>2,480</b>		<b>2,293</b>
Present value of scheme liabilities				
- Funded		(2,622)		(2,298)
<b>Deficit in the scheme</b>		<b>(142)</b>		<b>(5)</b>

## Notes (continued)

### 23 Pension and similar obligations (continued)

The expected long term return on cash is equal to bank base rates. The expected return on bonds is determined by reference to UK long dated gilt and bond yields. The expected rate of return on equities and property have been determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions.

The actual return on the scheme assets in the period was £132,000 (2014: £188,000).

Amounts recognised in the statement of financial activities:

	2015 £000	2014 £000
Current service cost	203	119
Interest cost	(38)	(12)
	<hr/>	<hr/>
Total operating charge	165	107
	<hr/>	<hr/>
<b>Analysis of pension finance (income)/costs</b>		
Expected return on pension scheme assets	(132)	(120)
Interest on pension liabilities	94	108
	<hr/>	<hr/>
<b>Pension finance (income)/costs</b>	(38)	(12)
	<hr/>	<hr/>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £18,000 loss (2014: £78,000 gain).

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

	2015 £000	2014 £000
<b>At 1 September</b>	<b>2,298</b>	<b>2,275</b>
Current service cost	152	119
Curtailment charge	51	-
Interest cost	94	108
Employee contributions	42	35
Actuarial loss/(gain)	59	(226)
Benefits paid	(74)	(13)
	<hr/>	<hr/>
<b>At 31 August</b>	<b>2,622</b>	<b>2,298</b>
	<hr/>	<hr/>

## Notes (continued)

### 23 Pension and similar obligations (continued)

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

	<b>2015</b>	2014
	<b>£000</b>	£000
<b>At 1 September</b>	<b>2,293</b>	2,117
Expected return on assets	<b>132</b>	120
Actuarial (loss)	<b>(37)</b>	(38)
Employer contributions	<b>124</b>	72
Employee contributions	<b>42</b>	35
Benefits paid	<b>(74)</b>	(13)
	<hr/>	<hr/>
<b>At 31 August</b>	<b>2,480</b>	2,293
	<hr/>	<hr/>

The estimated value of employer contributions for the year ended 31 August 2016 is £157,000.

The five-year history of experience adjustments is as follows:

	<b>2015</b>	2014	2013	2012	2011
	<b>£000</b>	£000	£000	£000	£000
<b>Present value of defined benefit obligations</b>	(2,622)	(2,298)	(2,275)	(2,052)	(1,596)
<b>Fair value of share of scheme assets</b>	2,480	2,293	2,117	1,786	1,527
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Deficit in the scheme	(142)	(5)	(158)	(266)	(69)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Experience adjustments on share of scheme assets</b>					
Amount £000	(37)	188	144	48	94
<b>Experience adjustments on scheme liabilities:</b>					
Amount £000	-	-	-	-	(28)

**Notes** *(continued)*

**24 Related Party Transactions**

The remuneration of the trustees, who are the key management personnel of the Academy, is disclosed in note 11.

The Academy's non-trustee governors made no claims during the period for travel expenses to attend meetings. During the period three (2014: four staff) governors received a salary and benefits in kind totalling £139,612 (2014: £291,037).

There were no other related party transactions noted in the current or previous period.