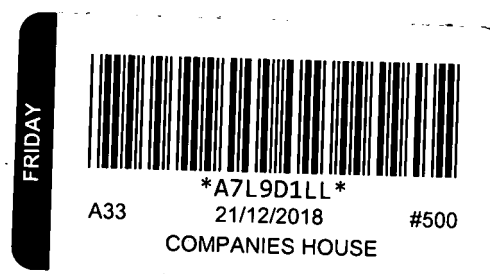


CH

Company Registration No. 07451781 (England and Wales)

THE OCKENDON ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018



!RickardLuckin

THE OCKENDON ACADEMY

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THE OCKENDON ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Governors

Ms J Rainey (Principal) (Appointed 1 September 2018)
R Milligan (Chair) (Appointed 19 September 2017)
Mrs L Hodges
Mrs S Kahn
Mrs J Wright
Mrs K Cooney
Mrs SM Cook
Ms D Driscoll
Mrs N Wood
Mr J Lepine
Ms J Hunter (Appointed 17 October 2017)
Miss O Obisesan (Appointed 17 October 2017)
K Pupe (Appointed 23 January 2018)
R Wickens (Appointed 12 June 2018)
Mrs B King (Principal ex-officio) (Resigned 31 August 2018)
Mr P Pearson (Chair) (Resigned 18 September 2017)
Cllr C Curtis (Vice Chair) (Resigned 6 September 2018)
Mr M Bourgoine (Resigned 1 December 2017)
Mrs M Lucas (Resigned 27 March 2018)

Senior management team

| | |
|---|-------------------|
| - Principal / Accounting Officer (appointed 1/9/18) | Ms J Rainey |
| - Head of School | Mr L Aitken |
| - Head of School | Mr C Berry |
| - Deputy Head | Mr T Anderson |
| - Assistant Head | Miss C Bennett |
| - Assistant Head | Ms S Dodge |
| - Deputy Head | Mrs A Dominey |
| - Deputy Head | Mrs S Ingram-Dodd |
| - Assistant Head | Ms S Lyne |
| - Assistant Head (resigned 31 /8/18) | Mrs A Pegg |
| - Assistant Head | Mr A Webb |
| - CEO/ Principal (resigned 31/8/18) | Mrs B King |

Company secretary

Miss J Insole

Company registration number

07451781 (England and Wales)

Registered office

The Ockendon Academy
Erriff Drive
South Ockendon
Essex
RM15 5AY

THE OCKENDON ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

Rickard Luckin Limited
Aquila House
Waterloo Lane
Chelmsford
Essex
CM1 1BN

Bankers

Lloyds TSB
PO Box 545
Faryners House
25 Monument Street
London
EC3R 9BQ

CCLA Investment Managers Limited
80 Cheapside
London
EC2V 6DZ

Nationwide Building Society
One Threadneedle Street
London
EC2R 8AW

Solicitors

Stone King
16 St John's Lane
London
EC1M 4BS
United Kingdom

THE OCKENDON ACADEMY

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The Governors present their annual report together with the financial statements and auditor's report of the Charitable Company for the year ended 31 August 2018. The annual report serves the purposes of both a trustees' report, a directors' report and a strategic report under company law.

The Ockendon Academy ("the Academy") is a private company limited by guarantee and an exempt charity. The Charitable Company's Memorandum of Association is the primary governing document of the Academy. The Academy was incorporated as a company and exempt charity on 25 November 2010. The Academy replaced the previous Ockendon School on 1 January 2011.

The Governors act as the trustees for the charitable activities of The Ockendon Academy and are also the Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Ockendon Academy.

Details of the Governors who served throughout the period are included in the Reference and Administrative Details on page 1.

Structure, governance and management

Governing Body

The members delegate the management of all business to the Governors. There must be no less than three Governors (no maximum number is specified). The members have the right to attend and vote at the AGM and to appoint up to twelve Governors and are also permitted to appoint a number of Staff Governors (up to one third of the total membership of the Governing Body at the date of appointment). Other members of the Governing Body can include the Principal, not less than two Parent Governors and a representative of the Secretary of State (if desired by the incumbent). There may also be up to three Co-opted Governors. The Governors Body meets at least three times a year.

The Governing Body is responsible for ensuring that an effective system of internal control, financial or otherwise, is maintained and operated by the Academy.

The Governors established committees with specific responsibilities for certain areas of the Academy's management. The committees were formed of representatives from the Governing Body and other people with relevant experience as agreed by the Governing Body and during the academic year ended 31 August 2018 had specific responsibility for:

1. Achievement, Behaviour & Safeguarding (split into (i) Academy and (ii) Studio School & Personnel Committees)
2. Admissions, and
3. Finance & Premises.

Senior Leadership Team (SLT)

The Governors delegated the responsibility for day-to-day management to the SLT. At year end this comprised the Principal & CEO, two Heads of School, three Deputy Heads and four Assistant Heads. The SLT undertook to implement the strategy of the Governing Body.

The Principal & CEO was the Accounting Officer and responsible for Finance (the Finance Officer reports directly to the Principal & CEO). Day to day financial management of the school was delegated to the Principal & CEO subject to exceptions contained within the Financial Regulations and Scheme of Delegation.

The Academy's Principal & CEO was supported by two Heads of School. One Head of School had oversight of teaching, learning & outcomes and the other for behaviour and safety. The Principal & CEO retained overall responsibility for the leadership and management of the Academy.

Budgets are approved by the Governing Body. Subsequent amendments are approved by the Principal and the Chair of the Finance & Premises Committee.

THE OCKENDON ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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.

Governors' indemnities

The Academy has purchased indemnity insurance for members of the Governing Body.

Method of recruitment and appointment or election of governors

Governors are subject to retirement by rotation on a four-yearly cycle, but are eligible for reappointment at the end of this period. On 1 January 2011 all former Governors of the Ockendon School became members of the Governing Body of the Academy. Formal appointment as Directors of the Academy took place on 19 January 2011. See 'Organisational Structure' for more details on the appointment process.

Policies and procedures adopted for the induction and training of governors

The Academy partakes in Thurrock Council's Governor training and induction scheme. In addition, senior staff at the Academy offer training on an ad hoc basis to members of the Governing Body and the Academy's HR advisors, EPM Limited, offer occasional training on HR related matters to the Governing Body.

Organisational structure

Members

The Academy has three founding members who signed the Memorandum of Association dated 25 November 2010. All three original founding members have resigned. Other people entitled to become members include the chairman of the Governors, any Governor who wishes to become a member, one person appointed by the Secretary of State (if he or she decides to appoint a person in this capacity), and any other person who wishes to become a member subject to unanimous written approval of the existing members. At any time there must be at least three members. All members of the Governing Body have elected to become members of the Academy and hold an Annual General Meeting in which they note the financial statements.

Arrangements for setting pay and remuneration of key management personnel

Pay and performance reviews for the Senior Leadership Team were undertaken on an annual basis by the Principal and CEO. The two Heads of School's pay and performance review involves an external consultant. The Principal & CEO's annual pay and performance review was undertaken by two Governors in 17/18.

From 18/19 pay and performance management of the Principal will be undertaken by an external consultant commissioned by the Governing Body. The pay and performance management of the leadership team will be undertaken by the Principal and checked by the Pay Performance and Remuneration Committee.

THE OCKENDON ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Trade union facility time

Relevant union officials

| | |
|--|---|
| Number of employees who were relevant union officials during the relevant period | 1 |
| Full-time equivalent employee number | - |

Percentage of time spent on facility time

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 0% | 1 |
| 1%-50% | - |
| 51%-99% | - |
| 100% | - |

Percentage of pay bill spent on facility time

| | |
|---|-----------|
| Total cost of facility time | - |
| Total pay bill | 5,538,073 |
| Percentage of the total pay bill spent on facility time | - |

Paid trade union activities

| | |
|---|---|
| Time spent on paid trade union activities as a percentage of total paid facility time hours | - |
|---|---|

Related parties and other connected charities and organisations

Transactions with connected parties are disclosed in note 20 to the financial statements.

Objectives and activities

Objects and aims

The primary objective as stated in the Memorandum of Association of the Charitable Company is: 'to advance for the public benefit, education in the UK, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

The Academy aims to provide an education that inspires students to strive for higher achievement; a commitment to excellence; and an environment that seeks to develop a child's desire for lifelong learning; provide opportunities for students to develop open and questioning minds.

Objectives, strategies and activities

The principal objects of the Academy are to provide education for students of different abilities between the ages of 11 and 19 and (b) to provide recreation/leisure time facilities for the inhabitants of South Ockendon.

The main objectives of the Academy are summarised below:

- to improve students' outcome and as a result their life chances
- to raise the standard of educational achievement of all students and to ensure progress for all students from Key Stage 2 to Key Stage 4
- to continue to improve the quality of teaching and assessment
- to ensure improvements in standards of behaviour, attendance, punctuality and attitudes to learning
- to develop fully the 14-19 Studio School
- to provide value for money for all expenditure
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness
- to comply with all appropriate statutory and curriculum requirements.

THE OCKENDON ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The Academy's main strategy is encompassed in its motto "Enjoy being the best that you can be", its vision "to be a successful and enjoyable business and learning community that inspires all to achieve the best that they can be today, tomorrow and in the future" and in its mission "to inspire each other to actively learn and work together so that we can develop the skills, abilities and attitudes we need to be successful, valuable and economically confident members of the community". To this end the activities provided by the Academy include:

- tuition and learning opportunities for all students to attain appropriate academic qualifications
- a structured programme of waved intervention including literacy and numeracy programme interventions, speech and language intervention and support for student emotional wellbeing
- training opportunities for all staff, particularly teaching staff
- a programme of sporting and after school leisure activities and clubs for all students

The Academy's key priorities for 2017-18 identified in the Academy Improvement Plan approved by Governors in autumn 2017 and updated in summer 2018 were:

- to ensure that rates of progress in GCSE English and Maths improve in summer 2018 so that no groups of learners are disadvantaged
- to ensure that outcomes for Pupil Premium students are in line with national
- to ensure the quality of teaching is consistently good or outstanding
- to ensure that the 6th form outcomes improve rapidly particularly with regard to the level 3 academic value added score and that recruitment into year 12 of the Sixth Form increases near to full capacity of 75 students

The new Academy Improvement Plan clearly identifies the actions required to secure improved outcomes in 2018. Its top priority is improved rates of progress at Key Stage 4 in the core subjects of English, Maths and Science. To support increased outcomes for learners the Academy has also moved to a three year Key Stage 4 programme of study and is remodelling the KS4 curriculum to facilitate improved outcomes. It is also working alongside a range of external partners to learn from best practice and quality assure our systems and actions.

Public benefit

With regards to the Objects and Aims and the Objectives, Strategies and Activities above, the main focus of the Academy is the provision of free education to children aged 11 to 19 and the provision of leisure time facilities for the local community.

The Governors confirm that they have complied with their duty and have had regard to the guidance on public benefit issued by the Charity Commission when considering the objectives and activities of the Academy and in their exercising of powers and duties.

THE OCKENDON ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Strategic report

Achievements and performance

The Academy is in its seventh year of operation as a company, having been established on 1st January 2011. Total students for the year ended 31/8/18 amounted to 1,149 (2017 - 1,152) being 1,091 students for years 7 to 11 (1,067 in 2017) and 58 students for years 12 to 13 (85 in 2017). The Academy continues to have significant numbers of applications for its year 7 intake and, therefore, from September 2017 at the request of the Local Authority, Thurrock Council, it agreed to take an additional 30 students each year into year 7, increasing its Published Admission Number to 240 students. As a result of this expansion, the October 2018 census saw the Academy's numbers on roll at its highest ever level of 1,210 (2017 - 1,184) students.

Our 2018 provisional examination results are similar to last year and below expectations. The Academy Improvement Plan supports academic standards to be in line with national expectations or a significant improvement towards this. With the appointment of a new Principal on 1/9/18 the Academy anticipates broad improvement in key performance indicators at KS4 in 2019 with at least a 50% improvement in our Progress 8 score. The Academy produced its fourth year of results in the Sixth Form with performance at KS5 in 2018 in line with national average for academic qualifications and above average for vocational qualifications. The attainment and pass rate overall are in line with national - students arrive with prior attainment significantly below national therefore performance overall is good and is expected to remain good in 2019.

To ensure that standards are continually raised, the Academy has invested in a new MIS system and continued its programme of rigorous tracking of student progress and achievement, with underachievement identified early and appropriate interventions put in place. The Academy operates a programme of lesson observations and self-evaluation judgement of lessons by teaching staff.

The Academy Studio School students now utilise the purpose-built Studio School building which completed in September 2013 and which comprises ten classrooms, a very large business centre and offices. Ockendon Studio School, operating within the existing Academy, will accommodate up to 300 14-19 year old students and provides a new approach to education via project-based and work-related learning.

The Academy undertook a number of capital projects during 2017/18 including the construction of a new 6 classroom block, completion of phase 1 of major repairs to our roofs and the commencement work on the construction of a new 6 court sports hall. The Academy also updated the IT equipment in 3 classrooms, created an additional IT room in the Studio School building and updated the Wifi structure in the Academy.

Key performance indicators

The key performance indicators of the Academy are:

- Pupil numbers (at least 1,050 for 2014/15 and rising with expansion of PAN and 6th form). The Academy had 1,149 students on roll at 31 August 2018 and 1,210 in the October 2018 census. The Academy did see a reduction of student numbers in the 6th form at year end 31/8/18, hence the small reduction in overall student numbers in 2018 compared to 2017.
- Staffing costs were 81% of total revenue income for 2017/18 (75.8% in 2016/17). Staffing costs were 91.7% of GAG funding in 2017/18 (86.7% in 2016/17).
- Student attendance (at least 95%). Attendance for 2017/18 was 95% (94.71% in 16/17).
- Exam results (GCSEs at least 50% 5 x A*-C or equivalent including English and Maths; A levels at least 70% A-C and at least 85% A-E). GCSE results for 2017/18 were 50% 5 A*-C including English and Maths. A level results for 2017/18 were 97% for 3 A levels or more A* to E; 56% A-C and 16% A-B.
- To maintain an operating surplus each year to support the strategic development of the Academy. The Academy's net income (before transfers) totalled £446,385 for 2017/18 (£20,067 for 2016/17).
- To diversify income streams by increasing the proportion of total income from non-core funding and grants. The Academy's income from generated funds was £284,761 in 2017/18.

THE OCKENDON ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Going concern

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

Financial review

The results for the period are set out on page 23 of the Financial Statements. The surplus for the period amounted to £446,385 (2017 - £20,067). Net current assets as at 31 August 2018 were £2,963,872 (2017 - £2,905,173). The pension liability in relation to the Essex Pension Scheme was £2,178,000 (2017 - £2,578,000) at the year-end (see note 19). Cash at bank and in hand increased to £3,081,495 (2017 - £2,902,200) however creditors also amounted to £332,260 (2017 - £279,230).

The Academy receives most of its income from the Education & Skills Funding Agency (ESFA) in the form of General Annual Grant (GAG) and other grants. The funding received in the period and the associated expenditure are shown as restricted fund transactions in the Statement of Financial Activities (SOFA).

Reserves policy

The Governing Body has reviewed the free reserves of the Academy. This review encompassed the nature of income and expenditure streams and the need to match income with commitments and the nature of reserves. Accordingly, the Governing Body has determined that the appropriate level of free reserves should be equivalent to 13 weeks of expenditure (approximately £ 1.88 million based on 17/18 total expenditure). The Academy had £2.9 million free reserves at 31 August 2018 (2017 - £2.9m).

Investment policy

The policy of the Academy is to hold surplus cash in low risk high interest deposit accounts (managed by a bank which is a specialist in charity clients) or to hold on fixed term deposit with approved UK banks.

Principal risks and uncertainties

The Governors consider the following to be the principal risks and uncertainties for the Academy:

- uncertainty about levels of funding beyond 2018/19 including the "soft" introduction of the new National Funding formula which makes medium term planning and budgeting very difficult for all academies. In addition the recoupment by Thurrock Council from schools and academies of the High Needs funding deficit and uncertainty about the levels of recoupment in the future and associated reductions in SEN top up funding in Thurrock;
- significant actual and projected future increases in staffing costs (both inflationary and incremental on an annual basis and in rapidly increasing employer pension costs at a time when overall income is uncertain in the medium term. This affects the whole of the education sector;
- recruitment and retention of teaching staff, particularly those in known shortage subjects, and the higher costs of recruitment and retention in the current market;
- substantial deficit in the Academy's defined benefit pension scheme for non-teaching staff;
- recruitment into the Sixth Form and lower A level results;
- recruitment into the main academy and the combined impact of lower Progress 8 results and a less favourable Ofsted inspection report.

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities 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 introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see statement on internal controls) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The system of internal controls is detailed in the Financial Regulation and Scheme of Delegation. This is reviewed at least annually.

THE OCKENDON ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The risk register is reviewed regularly and formally approved at least annually by the Governors at its Committees.

The Academy aims to limit its exposure to financial risks and does not undertake high risk investment strategies.

Trade creditors are paid as the liability falls due and are recorded at invoice value.

Cash balances are only held in UK banks. Long term deposits are held with the COIF deposit fund and with Lloyds Bank or Nationwide Building Society. No foreign currency balances are held.

The Academy is required to recognise its share of the liability relating to the Essex Pension Fund. Full details of the scheme are included in note 19. The current employer's and employee contribution rate has been set with a view to clearing the liabilities of the fund within 20 years.

Fundraising

Plans for future periods

The Academy continues to expand and develop the Studio School Sixth Form, with current student numbers at 79 and with plans to increase to 150.

The Academy is currently developing a business plan to facilitate its operation for 365 days per annum.

The Academy is undertaking further major building work and has started work on the construction of a new 6 court sports hall which we expect will be used by both the Academy and the local community. We are currently working in partnership with Essex Cricket and the England Cricket Board to maximise the utilisation of this new sports facility. It also intends to improve its dining areas for its students.

The Academy has received approval from the Department for Education to sign a long lease for land adjacent to the Academy which will in future years be used as a playing fields by the Academy. There will be substantial costs for the development of this land and the Academy is to commit some of its unrestricted reserves for this project.

Funds held as custodian trustee on behalf of others

Funds held as Custodian Trustee on behalf of Others

No funds are held as Custodian Trustee on behalf of others by the Academy.

THE OCKENDON ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Auditor

The Governors who held office at the date of approval of the Governors' Report confirm that, so far as they are individually aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- each Governor has taken all reasonable steps that he/she ought to have taken as a Governor to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

The auditor, Rickard Luckin Limited will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

A resolution proposing that Rickard Luckin Limited be reappointed as auditor of the charitable company will be put to the members.

The Governors' report, incorporating a strategic report, approved by Order of the members of the Governing Body, as the Trustees and company Directors, on 4 December 2018 and signed on its behalf by:

Mr Richard Milligan
Chair

R. C. Milligan

THE OCKENDON ACADEMY

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between The Ockendon Academy and the Secretary of State for Education. She is 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 Governors' Report and in the Statement of Governors' Responsibilities. The governing body has formally met three times during the year. In addition in 17/18 there was a Governors' briefing meeting at the beginning of the academic year and three Extraordinary General Meetings during the year. Attendance during the year at the three scheduled meetings of the governing body was as follows:

| Governors | Meetings attended | Out of possible |
|---|--------------------------|------------------------|
| Ms J Rainey (Principal) (Appointed 1 September 2018) | 0 | 0 |
| R Milligan (Chair) (Appointed 19 September 2017) | 3 | 3 |
| Mrs L Hodges | 3 | 3 |
| Mrs S Kahn | 3 | 3 |
| Mrs J Wright | 3 | 3 |
| Mrs K Cooney | 3 | 3 |
| Mrs SM Cook | 3 | 3 |
| Ms D Driscoll | 1 | 2 |
| Mrs N Wood | 1 | 3 |
| Mr J Lepine | 3 | 3 |
| Ms J Hunter (Appointed 17 October 2017) | 3 | 3 |
| Miss O Obisesan (Appointed 17 October 2017) | 3 | 3 |
| K Pupe (Appointed 23 January 2018) | 2 | 2 |
| R Wickens (Appointed 12 June 2018) | 1 | 1 |
| Mrs B King (Principal ex-officio) (Resigned 31 August 2018) | 3 | 3 |
| Mr P Pearson (Chair) (Resigned 18 September 2017) | 0 | 0 |
| Cllr C Curtis (Vice Chair) (Resigned 6 September 2018) | 3 | 3 |
| Mr M Bourgoine (Resigned 1 December 2017) | 1 | 1 |
| Mrs M Lucas (Resigned 27 March 2018) | 0 | 2 |

THE OCKENDON ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

In September 2017, Mr Richard Milligan joined the Board and was appointed the Chair. During the year 2017/18 the Board has actively recruited new Governors to strengthen its skills base and appointed Governors with experience and expertise from Finance / Banking, Business and Higher Education.

Following the announcement of the retirement of the incumbent Principal, the Board undertook a rigorous recruitment and selection procedure, involving external consultancy, to secure outstanding future leadership of the Academy. Following the process, a new Principal, Ms. Jo Rainey was appointed as from September 1st. 2018 and the Board put in place a comprehensive induction programme. The Board's appointment of the new Principal, and the experience of undertaking such a demanding process, has strengthened its understanding of its role and responsibilities.

During the 2017/18 period the Board has overseen a further expansion of the number of students attending the academy and the completion of two significant construction projects, being a new classroom block and a major refurbishment of its rooves.

The year 2017/18 has been one of challenge for the Board and a test of its resolve. The retirement of a longstanding Principal, the unexpected departure of the previous Chair, the challenge of appointing a candidate with outstanding leadership qualities and a number of difficult issues across the Academy have all been addressed and dealt with. As a result, the Board have, in partnership with the new Principal and her Leadership Team, looked at all aspects of their work and have jointly instituted successful changes to structure, roles and working practices and procedures. This is involving the commissioning of external consultants to provide further advice and strengthening of the Academy's systems and processes. The Board is aware that changes still have to be made to further improve their effectiveness, and continue to engage fully to realise these changes.

Together with the Principal and the Leadership Team, the Board has made significant changes to the way in which Academy data is presented and monitored. This is resulting in a better understanding of the data, tracking and evaluation across all aspects of the Academy's work. The Board has also made some changes to their committee structures, roles and meeting agenda to better support their work with the Academy.

In early October 2018, the Academy had an inspection by Her Majesty's Inspectorate and Ofsted. The inspection report notes the rapid and very positive changes, which have been undertaken since 1st September 2018 by the leadership team under the new Principal. The inspection report confirms that Governors now have a clear understanding of the school's strengths and areas for improvement and are clearly focussed on rectifying the weaknesses that have been identified. It further states that leaders at all levels have been given a clear sense of direction by the new Principal and they have been empowered to lead and are quickly developing the necessary skills to lead effectively. However, since the impact of the recent changes cannot be evidenced in the very short time following the appointment of the new Principal, the Ofsted grading will be lower. The Academy will accordingly be placed in a category of concern but with clear capacity to improve as a result of the new and improved leadership. Following receipt of the inspection report, the Board has worked with the Principal and Leadership Team to complete the required action plan for submission to Ofsted.

The Board's annual review of Governance was overtaken by the Ofsted inspection of October 2018. The report included an inspection of Governance and Leadership, and the comments and recommendations will form the basis of the Board's review outcomes for 2018/19. The Board will undertake its next review in the autumn term 2019. The Board is aware that, as a result of the inspection judgement, there will be at least one further visit in the current academic year, and they will use any comments resulting from these visits to judge their ongoing performance and will take action to implement any changes recommended.

THE OCKENDON ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The Finance & Premises Committee is a sub-committee of the main governing body. Its finance purpose is to consider and recommend the Academy's budget, contribute to the formulation of the Academy Improvement Plan, to monitor and review income and expenditure, finance policies and procedures and controls and to ensure compliance with the Financial Regulations and Scheme of Delegation and guidance in the Academies Financial Handbook. Its premises purpose is to plan for development and use of the Academy premises and asset management plan and to consider and review health and safety for the Academy. There were three meetings during the year and attendance was as follows:

| Governors | Meetings attended | Out of possible |
|---|-------------------|-----------------|
| Ms J Rainey (Principal) (Appointed 1 September 2018) | 0 | 0 |
| R Milligan (Chair) (Appointed 19 September 2017) | 3 | 3 |
| Mrs L Hodges | 3 | 3 |
| Mrs K Cooney | 3 | 3 |
| K Pupe (Appointed 23 January 2018) | 1 | 2 |
| Mrs B King (Principal ex-officio) (Resigned 31 August 2018) | 3 | 3 |

Review of value for money

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

The Principal considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the Governing Body where value for money can be improved, including the use of benchmarking data where available. The Principal for the academy trust has delivered improved value for money during the year by:

- Robust governance and oversight of the Academy's finances ensuring that the Academy can balance its budget in the medium term despite funding uncertainties and increasing staff costs.
- Funding a number of internal refurbishments from its operational surplus and ensuring sufficient accommodation for an expanding number of students at the Academy.
- Commencement of the expansion of the community use of its facilities outside of teaching and learning time and the gradual increase in lettings income for the Academy.
- Continuing to focus on raising students attainment with summer 2018 GCSE grades at 50% for five 9 to 4 grades (51% in 2017) and A levels 3 or more A* to E 97% (87% in 2017).

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 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 Ockendon Academy for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Governing Body.

THE OCKENDON ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Finance & Premises 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; and
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed David Bodell/James Bodell of Bodell & Co, as Responsible Officer ("RO"). The RO's role includes giving advice on financial matter and performing a range of checks on the Academy's financial systems. In particular, the checks carried out in the current period included:

- testing of bank account reconciliations
- testing of debit card transactions
- testing of payroll
- testing of purchases

On a quarterly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

The Governing Body believes that the RO function has been delivered in line with the ESFA's requirements. There were no material control issues as a result of the RO's work.

Review of effectiveness

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

- the work of the Responsible Officer;
- the work of the external auditor; and
- the work of the 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 their review of the system of internal control by the Finance & Premises Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

THE OCKENDON ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Approved by Order of the members of the Governing Body on 4/12/18 and signed on its behalf by:

R.C. Milligan

Mr Richard Milligan
Chair

J. Rainey

Ms J Rainey
Principal

THE OCKENDON ACADEMY

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of The Ockendon Academy I have considered my responsibility to notify the academy trust governing body and the Education & Skills Funding Agency 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.

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

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the governing body and ESFA. If any instances are identified after the date of this statement, these will be notified to the governing body and ESFA:

Financial issues

- Correct procedures were not followed with regard to approval of a significant capital project by Governors.
- Certain projects were split into parts to keep below authorisation limits.
- Financial procedures were not followed at all times in relation to overtime approval.
- Hospitality expenses were considered excessive.



Ms J Rainey
Accounting Officer

4 December 2018

THE OCKENDON ACADEMY

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE OCKENDON ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 20 January 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Ockendon Academy during the period 1 September 2017 to 31 August 2018 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 Ockendon Academy and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the The Ockendon 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 Ockendon Academy and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of The Ockendon Academy's funding agreement with the Secretary of State for Education dated 29 June 2012 and the Academies Financial Handbook, extant from 1 September 2017, 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 2017 to 2018. 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 1 September 2017 to 31 August 2018 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 2017 to 2018 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 to our conclusion includes:

- Reviewing the minutes of the meetings of the Governing Body and key sub committees;
- Evaluating internal control and review procedures, and reviewing findings of internal audit reviews;
- Reviewing action taken as a result of recommendations from internal audit procedures, external audit, and ESFA updates;
- Evaluating and documenting internal controls and testing their application by walkthrough;
- Testing a sample of payments to ensure that they have been authorised in accordance with the Academy's financial procedures and/or the Academies Financial Handbook.

THE OCKENDON ACADEMY

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE OCKENDON ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Capital projects were started without due care and consideration of the financial commitment involved. The governors in office failed to request appropriate information and approved the project purely on the instruction of the Accounting Officer at that date. The project commenced without full financial or safeguarding checks.

The Academy procedures were not followed in relation to all purchase orders. We identified one occasion where purchase orders were split so as to be under authorisation limits of the Accounting Officer when in fact total costs should have instigated additional authorisation from the chair of governors.

Financial procedures were not followed at all times in relation to overtime approval.

Hospitality expenditure for the year was considered excessive and not in accordance with 'proper' use of public funds.

Rickard Luckin Limited

Reporting Accountant

Rickard Luckin Limited
Aquila House
Waterloo Lane
Chelmsford
Essex
CM1 1BN

Dated: *18 December 2018*

THE OCKENDON ACADEMY

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The Governors (who act as trustees for charitable activities of Ockendon Academy are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors Report and the financial statements in accordance with the Annual Accounts Direction published by the Education and Skills Funding Agency (ESFA), United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare accounts for each financial year. Under company law the governors must not approve the accounts 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 accounts, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors 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 accounts 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 Governors 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 that grants received from ESFA/DfE have been applied for the purposes intended.

The Governors 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 Governing Body on 4 December 2018 and signed on its behalf by:



Mr Richard Milligan
Chair

THE OCKENDON ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE OCKENDON ACADEMY

Opinion

We have audited the accounts of The Ockendon Academy for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

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 accounts' 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 accounts 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 governors' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the governors have not disclosed in the accounts 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 accounts are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the accounts 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.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

THE OCKENDON ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE OCKENDON ACADEMY (CONTINUED)

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 governors' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the governors' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 governors' report, including the incorporated strategic 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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of governors

As explained more fully in the statement of governors' responsibilities, the governors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the governors 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 governors either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

THE OCKENDON ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE OCKENDON ACADEMY (CONTINUED)

Richard Luckin Limited

Caroline Peters (Senior Statutory Auditor)
for and on behalf of Rickard Luckin Limited

Chartered Accountants
Statutory Auditor

18 December 2018

Aquila House
Waterloo Lane
Chelmsford
Essex
CM1 1BN

THE OCKENDON ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

| | Notes | Unrestricted Funds £ | Restricted funds: General £ Fixed asset £ | Total 2018 £ | Total 2017 £ |
|--|----------|----------------------------|--|--------------------|--------------------|
| Income and endowments from: | | | | | |
| Donations and capital grants | 3 | - | - 1,134,626 | 1,134,626 | 183,218 |
| Charitable activities: | | | | | |
| - Funding for educational operations | 4 | - | 6,541,333 - | 6,541,333 | 6,604,160 |
| Other trading activities | 5 | 284,761 | - | 284,761 | 297,160 |
| Investments | 6 | 14,167 | - | 14,167 | 14,641 |
| Total income and endowments | | 298,928 | 6,541,333 1,134,626 | 7,974,887 | 7,099,179 |
| Expenditure on: | | | | | |
| Raising funds | 7 | - | 74,096 - | 74,096 | 77,817 |
| Charitable activities: | | | | | |
| - Educational operations | 8 | 121,756 | 6,521,133 811,517 | 7,454,406 | 7,001,295 |
| Total expenditure | 7 | 121,756 | 6,595,229 811,517 | 7,528,502 | 7,079,112 |
| Net income/(expenditure) | | 177,172 | (53,896) 323,109 | 446,385 | 20,067 |
| Transfers between funds | | (81,681) | (248,104) 329,785 | - | - |
| Other recognised gains and losses | | | | | |
| Actuarial gains on defined benefit pension schemes | 17 | - | 702,000 - | 702,000 | 361,000 |
| Net movement in funds | | 95,491 | 400,000 652,894 | 1,148,385 | 381,067 |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 2,868,382 | (2,578,000) 21,259,881 | 21,550,263 | 21,169,196 |
| Total funds carried forward | | 2,963,873 | (2,178,000) 21,912,775 | 22,698,648 | 21,550,263 |

THE OCKENDON ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

| Comparative year information Year ended 31 August 2017 | Notes | Unrestricted | Restricted funds: | | Total |
|---|-------|------------------|--------------------|-------------------|-------------------|
| | | Funds | General | Fixed asset | 2017 |
| | | £ | £ | £ | £ |
| Income and endowments from: | | | | | |
| Donations and capital grants | 3 | - | - | 183,218 | 183,218 |
| Charitable activities: | | | | | |
| - Funding for educational operations | 4 | - | 6,604,160 | - | 6,604,160 |
| Other trading activities | 5 | 297,160 | - | - | 297,160 |
| Investments | 6 | 14,641 | - | - | 14,641 |
| Total income and endowments | | <u>311,801</u> | <u>6,604,160</u> | <u>183,218</u> | <u>7,099,179</u> |
| Expenditure on: | | | | | |
| Raising funds | 7 | - | 77,817 | - | 77,817 |
| Charitable activities: | | | | | |
| - Educational operations | 8 | 105,080 | 6,132,862 | 763,353 | 7,001,295 |
| Total expenditure | 7 | <u>105,080</u> | <u>6,210,679</u> | <u>763,353</u> | <u>7,079,112</u> |
| Net income/(expenditure) | | 206,721 | 393,481 | (580,135) | 20,067 |
| Transfers between funds | | 225,292 | (650,481) | 425,189 | - |
| Other recognised gains and losses | | | | | |
| Actuarial gains on defined benefit pension schemes | 17 | - | 361,000 | - | 361,000 |
| Net movement in funds | | <u>432,013</u> | <u>104,000</u> | <u>(154,946)</u> | <u>381,067</u> |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | <u>2,436,369</u> | <u>(2,682,000)</u> | <u>21,414,827</u> | <u>21,169,196</u> |
| Total funds carried forward | | <u>2,868,382</u> | <u>(2,578,000)</u> | <u>21,259,881</u> | <u>21,550,263</u> |

THE OCKENDON ACADEMY

BALANCE SHEET

AS AT 31 AUGUST 2018

| | Notes | 2018 £ | £ | 2017 £ | £ |
|--|-------|-----------|-------------|-----------|-------------|
| Fixed assets | | | | | |
| Tangible assets | 12 | | 21,912,776 | | 21,223,090 |
| Current assets | | | | | |
| Debtors | 13 | 214,637 | | 252,203 | |
| Cash at bank and in hand | | 3,081,495 | | 2,902,200 | |
| | | 3,296,132 | | 3,154,403 | |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 14 | (332,260) | | (249,230) | |
| Net current assets | | | 2,963,872 | | 2,905,173 |
| Net assets excluding pension liability | | | 24,876,648 | | 24,128,263 |
| Defined benefit pension scheme liability | 17 | | (2,178,000) | | (2,578,000) |
| Net assets | | | 22,698,648 | | 21,550,263 |
| Funds of the academy trust: | | | | | |
| Restricted funds | 15 | | | | |
| - Fixed asset funds | | | 21,912,776 | | 21,259,881 |
| - Pension reserve | | | (2,178,000) | | (2,578,000) |
| Total restricted funds | | | 19,734,776 | | 18,681,881 |
| Unrestricted income funds | 15 | | 2,963,872 | | 2,868,382 |
| Total funds | | | 22,698,648 | | 21,550,263 |

The accounts on pages 23 to 45 were approved by the governors and authorised for issue on 4/12/18 and are signed on their behalf by:

R.C. Milligan
R. Milligan

Company Number 07451781

THE OCKENDON ACADEMY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

| | Notes | 2018 £ | £ | 2017 £ | £ |
|--|-------|-------------|-----------|-----------|-----------|
| Cash flows from operating activities | | | | | |
| Net cash provided by operating activities | 18 | | 532,883 | | 854,020 |
| Cash flows from investing activities | | | | | |
| Dividends, interest and rents from investments | | 14,167 | | 14,641 | |
| Capital grants from DfE Group | | 160,415 | | 109,851 | |
| Capital funding received from sponsors and others | | 974,211 | | 73,367 | |
| Purchase of tangible fixed assets | | (1,501,202) | | (571,615) | |
| Net cash used in investing activities | | | (352,409) | | (373,756) |
| Cash flows from financing activities | | | | | |
| Finance costs | | (1,179) | | (1,241) | |
| Net cash used in financing activities | | | (1,179) | | (1,241) |
| Net increase in cash and cash equivalents in the reporting period | | | 179,295 | | 479,023 |
| Cash and cash equivalents at beginning of the year | | | 2,902,200 | | 2,423,177 |
| Cash and cash equivalents at end of the year | | | 3,081,495 | | 2,902,200 |

THE OCKENDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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

1.1 Basis of preparation

The accounts 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 2017, to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

The governors assess whether the use of the going concern basis 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 charitable company to continue as a going concern. The governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

1.3 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

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.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet 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.

THE OCKENDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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 the 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'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

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.

Governance costs

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

THE OCKENDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

Assets costing £2,000 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 conditions attached to the funding that require 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:

| | |
|---------------------------|------------------|
| Freehold land & buildings | 2% |
| Freehold improvements | 10% and 4% |
| Furniture & equipment | 15%, 20% and 33% |
| Computer equipment | 20% and 30% |

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

Land is not depreciated.

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.

1.6 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.

1.7 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. Prepayments are not financial instruments.

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

THE OCKENDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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.

1.8 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 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.

1.9 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 and the assets are held separately from those of the academy trust.

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 projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities 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.

1.10 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 governors.

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 the Education and Skills Funding Agency and Department for Education.

THE OCKENDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.11 Agency Arrangements

The Academy acts as an agent in distributing vulnerable bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 21.

2 Critical accounting estimates and areas of judgement

Accounting 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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.

3 Donations and capital grants

| | Unrestricted funds £ | Restricted funds £ | Total 2018 £ | Total 2017 £ |
|----------------|----------------------------|--------------------------|--------------------|--------------------|
| Capital grants | - | 1,134,626 | 1,134,626 | 183,218 |

THE OCKENDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the academy trust's educational operations

| | Unrestricted funds £ | Restricted funds £ | Total 2018 £ | Total 2017 £ |
|--------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| DfE / ESFA grants | | | | |
| General annual grant (GAG) | - | 6,040,443 | 6,040,443 | 6,053,446 |
| Other DfE group grants | - | 387,369 | 387,369 | 421,086 |
| | - | 6,427,812 | 6,427,812 | 6,474,532 |
| Other government grants | | | | |
| Local authority grants | - | 110,609 | 110,609 | 126,198 |
| Other funding | | | | |
| Other incoming resources | - | 2,912 | 2,912 | 3,430 |
| Total funding | - | 6,541,333 | 6,541,333 | 6,604,160 |

5 Other trading activities

| | Unrestricted funds £ | Restricted funds £ | Total 2018 £ | Total 2017 £ |
|--------------------|----------------------------|--------------------------|--------------------|--------------------|
| Hire of facilities | 143,051 | - | 143,051 | 136,131 |
| Catering income | 103,613 | - | 103,613 | 99,906 |
| Music tuition | 1,199 | - | 1,199 | 3,180 |
| Educational trips | 19,166 | - | 19,166 | 37,804 |
| Other income | 17,732 | - | 17,732 | 20,139 |
| | 284,761 | - | 284,761 | 297,160 |

6 Investment income

| | Unrestricted funds £ | Restricted funds £ | Total 2018 £ | Total 2017 £ |
|---------------------|----------------------------|--------------------------|--------------------|--------------------|
| Short term deposits | 14,167 | - | 14,167 | 14,641 |

THE OCKENDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7 Expenditure

| | Staff costs £ | Premises & equipment £ | Other costs £ | Total 2018 £ | Total 2017 £ |
|----------------------------------|---------------------|------------------------------|---------------------|--------------------|--------------------|
| Expenditure on raising funds | - | - | 74,096 | 74,096 | 77,817 |
| Academy's educational operations | | | | | |
| - Direct costs | 4,190,677 | 96,534 | 553,944 | 4,841,155 | 4,562,694 |
| - Allocated support costs | 1,372,134 | 1,048,150 | 192,967 | 2,613,251 | 2,438,601 |
| | <u>5,562,811</u> | <u>1,144,684</u> | <u>821,007</u> | <u>7,528,502</u> | <u>7,079,112</u> |

Net income/(expenditure) for the year includes:

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| Fees payable to auditor for: | | |
| - Audit | 9,160 | 7,160 |
| - Other services | 4,125 | 5,317 |
| Depreciation of tangible fixed assets | 811,517 | 685,673 |
| Bank interest payable | 1,179 | 1,241 |
| Net interest on defined benefit pension liability | 65,000 | 57,000 |

8 Charitable activities

| | Unrestricted funds £ | Restricted funds £ | Total 2018 £ | Total 2017 £ |
|--|----------------------------|--------------------------|--------------------|--------------------|
| Direct costs - educational operations | 120,577 | 4,720,578 | 4,841,155 | 4,562,694 |
| Support costs - educational operations | 1,179 | 2,612,072 | 2,613,251 | 2,438,601 |
| | <u>121,756</u> | <u>7,332,650</u> | <u>7,454,406</u> | <u>7,001,295</u> |

THE OCKENDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Charitable activities (Continued)

| Analysis of costs | 2018 £ | 2017 £ |
|--|------------------|------------------|
| Direct costs | | |
| Teaching and educational support staff costs | 4,165,939 | 3,955,267 |
| Staff development | 24,738 | 39,440 |
| Depreciation and amortisation | 96,534 | 100,746 |
| Educational supplies and services | 258,059 | 200,889 |
| Examination fees | 121,787 | 99,087 |
| Educational consultancy | 10,689 | 4,788 |
| Other direct costs | 163,409 | 162,477 |
| | <u>4,841,155</u> | <u>4,562,694</u> |
| Support costs | | |
| Support staff costs | 1,372,134 | 1,291,400 |
| Depreciation and amortisation | 714,983 | 662,607 |
| Recruitment and support | 37,089 | 40,444 |
| Maintenance of premises and equipment | 144,852 | 132,590 |
| Cleaning | 8,654 | 7,525 |
| Rent and rates | 136,121 | 115,927 |
| Insurance | 32,942 | 39,185 |
| Security and transport | 10,598 | 10,138 |
| Finance costs | 66,179 | 58,241 |
| Other support costs | 29,765 | 31,163 |
| Governance costs | 59,934 | 49,381 |
| | <u>2,613,251</u> | <u>2,438,601</u> |

9 Staff

Staff costs

Staff costs during the year were:

| | 2018 £ | 2017 £ |
|---|------------------|------------------|
| Wages and salaries | 4,297,534 | 4,101,404 |
| Social security costs | 395,629 | 370,759 |
| Pension costs | 844,910 | 774,180 |
| Staff costs | <u>5,538,073</u> | <u>5,246,343</u> |
| Agency staff costs | - | 324 |
| Staff development and other staff costs | <u>24,738</u> | <u>39,440</u> |
| Total staff expenditure | <u>5,562,811</u> | <u>5,286,107</u> |

THE OCKENDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff

(Continued)

Staff numbers

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

| | 2018 Number | 2017 Number |
|----------------------------|----------------|----------------|
| Teachers | 75 | 77 |
| Administration and support | 101 | 106 |
| Management | 9 | 9 |
| | <u>185</u> | <u>192</u> |

Higher paid staff

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

| | 2018 Number | 2017 Number |
|-----------------|----------------|----------------|
| £60,000-£70,000 | <u>3</u> | <u>2</u> |

The above employees participated in the Teachers Pension Scheme. During the year ended 31 August 2018, pension contributions for these members of staff amounted to £32,944 (2017: £22,432).

Key management personnel

The key management personnel of the academy trust comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £682,702 (2017: £466,663).

10 Governors' remuneration and expenses

One or more of the governors has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as governors.

The value of governors' remuneration and other benefits was as follows:

| | | |
|------------------|-------------------|---------------------------|
| • Mrs B King: | £55,000 - £60,000 | (2017: £55,000 - £60,000) |
| • Mrs D Driscoll | £10,000 - £15,000 | (2017: £10,000 - £15,000) |
| • Mrs S M Cook | £40,000 - £50,000 | (2017: £40,000 - £50,000) |

Pension contributions made on behalf of these governors totalled £9,917 (2017: £8,328).

During the year ended 31 August 2018, travel and subsistence expenses totalling £Nil (2017: £Nil) were reimbursed to 0 trustees (2017: 0 trustees)

The previous Principal's spouse, Mr E King, was a part time employee of the Academy during the year.

There were no other related party transactions involving the trustees.

THE OCKENDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

11 Governors and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2018 was £266 (2017: £808).

12 Tangible fixed assets

| | Freehold land & buildings £ | Freehold improvements £ | Furniture & equipment £ | Computer equipment £ | Total £ |
|-----------------------|--------------------------------------|-------------------------------|-------------------------------|----------------------------|------------|
| Cost | | | | | |
| At 1 September 2017 | 21,653,976 | 1,559,862 | 733,298 | 858,977 | 24,806,113 |
| Additions | 1,103,576 | 198,332 | 56,230 | 143,064 | 1,501,202 |
| At 31 August 2018 | 22,757,552 | 1,758,194 | 789,528 | 1,002,041 | 26,307,315 |
| Depreciation | | | | | |
| At 1 September 2017 | 2,260,815 | 493,633 | 421,769 | 406,806 | 3,583,023 |
| Charge for the year | 380,156 | 165,564 | 103,447 | 162,349 | 811,516 |
| At 31 August 2018 | 2,640,971 | 659,197 | 525,216 | 569,155 | 4,394,539 |
| Net book value | | | | | |
| At 31 August 2018 | 20,116,581 | 1,098,997 | 264,312 | 432,886 | 21,912,776 |
| At 31 August 2017 | 19,393,161 | 1,066,229 | 311,529 | 452,171 | 21,223,090 |

13 Debtors

| | 2018 £ | 2017 £ |
|--------------------------------|-----------|-----------|
| Trade debtors | 12,740 | 7,741 |
| Other debtors | 62,225 | 91,362 |
| Prepayments and accrued income | 139,672 | 153,100 |
| | 214,637 | 252,203 |

14 Creditors: amounts falling due within one year

| | 2018 £ | 2017 £ |
|------------------------------|-----------|-----------|
| Trade creditors | 143,042 | 119,669 |
| Other creditors | 68,656 | 750 |
| Accruals and deferred income | 120,562 | 128,811 |
| | 332,260 | 249,230 |

THE OCKENDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

15 Funds

| | Balance at 1 September 2017 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2018 £ |
|-------------------------------------|--|-------------|------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant | - | 6,040,443 | (5,724,762) | (315,681) | - |
| Other DfE / ESFA grants | - | 387,369 | (387,369) | - | - |
| Other government grants | - | 110,609 | (110,609) | - | - |
| Other restricted funds | - | 2,912 | (70,489) | 67,577 | - |
| | | | | | |
| Funds excluding pensions | - | 6,541,333 | (6,293,229) | (248,104) | - |
| Pension reserve | (2,578,000) | - | (302,000) | 702,000 | (2,178,000) |
| | (2,578,000) | 6,541,333 | (6,595,229) | 453,896 | (2,178,000) |
| Restricted fixed asset funds | | | | | |
| DfE / ESFA capital grants | 36,791 | 184,626 | - | (221,417) | - |
| Other capital grants | - | 950,000 | - | (950,000) | - |
| Tangible fixed assets | 21,223,090 | - | (811,516) | 1,501,202 | 21,912,776 |
| | 21,259,881 | 1,134,626 | (811,516) | 329,785 | 21,912,776 |
| Total restricted funds | 18,681,881 | 7,675,959 | (7,406,745) | 783,681 | 19,734,776 |
| Unrestricted funds | | | | | |
| General funds | 2,868,382 | 298,928 | (121,757) | (81,681) | 2,963,872 |
| Total funds | 21,550,263 | 7,974,887 | (7,528,502) | 702,000 | 22,698,648 |

THE OCKENDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15 Funds

(Continued)

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

General Annual Grant (GAG) income must be used for the running of the Academy including salary costs, overheads, premises costs and curriculum costs. Under the funding agreement with the Secretary of State, the Academy is not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Pupil premium income, included in other DfE/EFA grants, must be used to support disadvantaged students and close the attainment gap between them and their peers, for example through initiatives such as one to one tuition and specialised literacy/numeracy programmes.

SEN statement income must be used to assist the learning of children with special educational needs.

The pension reserve is the element of the local government position fund liabilities attributable to the Academy (see note 17).

Specific educational projects income relates to funds provided to the Academy for specific activities where the donors have imposed restrictions.

Charitable donations for specific purposes relate to donations made by parents and pupils towards fundraising for national charities and a local charity.

The restricted fixed asset fund represents fixed assets purchased with both restricted and unrestricted funding net of depreciation charged through the income and expenditure account.

THE OCKENDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15 Funds

(Continued)

Movements in funds - previous year

| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2017 £ |
|-------------------------------------|--|-------------|------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant | - | 6,053,446 | (5,345,213) | (708,233) | - |
| Other DfE / ESFA grants | - | 421,086 | (421,086) | - | - |
| Other government grants | - | 126,198 | (126,198) | - | - |
| Other restricted funds | - | 3,430 | (61,182) | 57,752 | - |
| | | | | | |
| Funds excluding pensions | - | 6,604,160 | (5,953,679) | (650,481) | - |
| Pension reserve | (2,682,000) | - | (257,000) | 361,000 | (2,578,000) |
| | (2,682,000) | 6,604,160 | (6,210,679) | (289,481) | (2,578,000) |
| Restricted fixed asset funds | | | | | |
| Transferred on conversion | - | 22,236 | (688,702) | 659,717 | (6,749) |
| Capital expenditure from GAG | 21,414,827 | - | - | 571,616 | 21,986,443 |
| | 21,414,827 | 22,236 | (688,702) | 1,231,333 | 21,979,694 |
| Total restricted funds | 18,732,827 | 6,626,396 | (6,899,381) | 941,852 | 19,401,694 |
| Unrestricted funds | | | | | |
| General funds | 2,436,369 | 311,801 | (105,080) | 225,292 | 2,868,382 |
| Total funds | 21,169,196 | 6,938,197 | (7,004,461) | 1,167,144 | 22,270,076 |

16 Analysis of net assets between funds

| | Unrestricted Funds £ | Restricted funds: General £ | Fixed asset £ | Total Funds £ |
|--|----------------------------|-----------------------------------|------------------|---------------------|
| Fund balances at 31 August 2018 are represented by: | | | | |
| Tangible fixed assets | - | - | 21,912,776 | 21,912,776 |
| Current assets | 3,296,132 | - | - | 3,296,132 |
| Creditors falling due within one year | (332,260) | - | - | (332,260) |
| Defined benefit pension liability | - | (2,178,000) | - | (2,178,000) |
| Total net assets | 2,963,872 | (2,178,000) | 21,912,776 | 22,698,648 |

THE OCKENDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16 Analysis of net assets between funds

(Continued)

| | Unrestricted Funds £ | General £ | Restricted funds: Fixed asset £ | Total Funds £ |
|--|----------------------------|--------------------|---------------------------------------|---------------------|
| Fund balances at 31 August 2017 are represented by: | | | | |
| Tangible fixed assets | - | - | 21,223,090 | 21,223,090 |
| Current assets | 3,117,612 | - | 36,791 | 3,154,403 |
| Creditors falling due within one year | (249,230) | - | - | (249,230) |
| Defined benefit pension liability | - | (2,578,000) | - | (2,578,000) |
| Total net assets | 2,868,382 | (2,578,000) | 21,259,881 | 21,550,263 |

17 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 Essex Pension Scheme. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2013.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

THE OCKENDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

17 Pension and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £413,662 (2017: £402,006).

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 an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 contributions are as noted below. The agreed contribution rate for employers for 2018-19 is 20% (including the equivalent deficit rate). This will increase to 21% from 1 April 2019, with annual increases between 0.5% and 1% such that the outcome will be that all academies ultimately pay the same contribution rate of 25%. The agreed rate for employees is between 5.5% and 12.5%.

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

| Total contributions made | 2018 £ | 2017 £ |
|--------------------------|-----------|-----------|
| Employer's contributions | 194,000 | 172,000 |
| Employees' contributions | 58,000 | 56,000 |
| Total contributions | 252,000 | 228,000 |

THE OCKENDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Pension and similar obligations (Continued)

| Principal actuarial assumptions | 2018 % | 2017 % |
|--|-----------|-----------|
| Rate of increase in salaries | 3.8 | 4.2 |
| Rate of increase for pensions in payment/inflation | 2.3 | 2.7 |
| Discount rate for scheme liabilities | 2.7 | 2.6 |

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

| | 2018 Years | 2017 Years |
|----------------------|---------------|---------------|
| Retiring today | | |
| - Males | 22.3 | 22.2 |
| - Females | 24.8 | 24.7 |
| Retiring in 20 years | | |
| - Males | 24.5 | 24.3 |
| - Females | 27.1 | 27 |

Sensitivity analysis

| | £000s | £000s | £000s |
|---|--------------|-------------|--------------|
| Adjustment to discount rate | +0.1% | 0.0% | -0.1% |
| Present value of obligation | 3,990 | 4,107 | 4,228 |
| Projected service cost | 355 | 365 | 376 |
| Adjustment to long term salary increase | +0.1% | 0.0% | -0.1% |
| Present value of total obligation | 4,123 | 4,107 | 4,135 |
| Projected service cost | 365 | 365 | 365 |
| Adjustment to pension increases & deferred revaluation | +0.1% | 0.0% | -0.1% |
| Present value of total obligation | 4,212 | 4,107 | 4,006 |
| Projected service cost | 376 | 365 | 355 |
| Adjustment to life expectancy assumptions | +1yr | None | -1yr |
| Present value of total obligation | 4,238 | 4,107 | 3,980 |
| Projected service cost | 377 | 365 | 354 |

THE OCKENDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

17 Pension and similar obligations

(Continued)

The academy trust's share of the assets in the scheme

| | 2018 Fair value £ | 2017 Fair value £ |
|------------------------------|-------------------------|-------------------------|
| Equities | 1,228,000 | 1,030,000 |
| Gilts | 103,000 | 98,000 |
| Other bonds | 113,000 | 62,000 |
| Cash | 66,000 | 49,000 |
| Property | 172,000 | 153,000 |
| Other assets | 247,000 | 187,000 |
| Total market value of assets | 1,929,000 | 1,579,000 |

The actual return on scheme assets was £107,000 (2017: £64,000).

Amount recognised in the Statement of Financial Activities

| | 2018 £ | 2017 £ |
|------------------------|-----------|-----------|
| Current service cost | 430,000 | 372,000 |
| Interest income | (44,000) | (31,000) |
| Interest cost | 109,000 | 88,000 |
| Total operating charge | 495,000 | 429,000 |

Changes in the present value of defined benefit obligations

| | 2018 £ |
|------------------------|-----------|
| At 1 September 2017 | 4,157,000 |
| Current service cost | 430,000 |
| Interest cost | 109,000 |
| Employee contributions | 58,000 |
| Actuarial gain | (639,000) |
| Benefits paid | (8,000) |
| At 31 August 2018 | 4,107,000 |

THE OCKENDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Pension and similar obligations (Continued)

Changes in the fair value of the academy trust's share of scheme assets

| | 2018 £ |
|------------------------|-----------|
| At 1 September 2017 | 1,579,000 |
| Administration costs | (1,000) |
| Interest income | 44,000 |
| Actuarial gain | 63,000 |
| Employer contributions | 194,000 |
| Employee contributions | 58,000 |
| Benefits paid | (8,000) |
| At 31 August 2018 | 1,929,000 |

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

| | 2018 £ | 2017 £ |
|--|----------------|----------------|
| Net income for the reporting period (as per the Statement of Financial Activities) | 446,385 | 20,067 |
| Adjusted for: | | |
| Capital grants from DfE/ESFA and other capital income | (1,134,626) | (183,218) |
| Investment income receivable | (14,167) | (14,641) |
| Finance costs payable | 1,179 | 1,241 |
| Defined benefit pension costs less contributions payable | 237,000 | 200,000 |
| Defined benefit pension net finance cost | 65,000 | 57,000 |
| Depreciation of tangible fixed assets | 811,517 | 763,353 |
| Decrease in debtors | 37,566 | 6,310 |
| Increase in creditors | 83,030 | 3,908 |
| Net cash provided by operating activities | 532,884 | 854,020 |

19 Capital commitments

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| Expenditure contracted for but not provided in the accounts | 1,077,934 | 204,839 |

At the year end the Academy was contracted with a supplier to complete a sports hall. The remaining committed costs for the sports hall at year end (being funded by the Academy) are £1,047,010. There are also retentions at year end for 2 capital builds completed in 2017/18 being £24,084 for the 6 classroom block and £6,840 for the roof refurbishment.

THE OCKENDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Related party transactions

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

There were no related party transactions in the year other than those disclosed in note 11.

21 Agency arrangements

The Academy distributes vulnerable bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2018 the Academy received £2,400 and disbursed £2,376 from the fund.