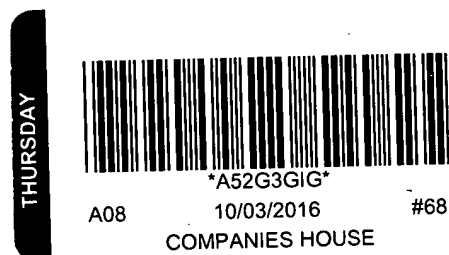


Company Registration No. 07646836 (England and Wales)

CROFTON ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2015



CROFTON ACADEMY

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CROFTON ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Governors

Mr M J Horsley (Headteacher & Accounting Officer) (Deceased 13 October 2015) *
Miss J Chambers
Mr G Hinchliffe (Staff governor)
Mr S K Lavell (Vice chair of governors)
Mr R Lister (Chair of Finance, Business & Resources Committee) *
Mr D Marshall *
Mr T Morris *
Mr S J Oliver (Resigned 20 November 2014)
Mrs P A Shepherd (Staff governor) *
Mr J Simpson *
Mrs C Stevenson (Chair of governors) *
Mr S Bennett *
Mrs S Lumsdon
Mr R Vaughan
Mr R Scaife *
Mr P Bolson (Resigned 1 December 2014)
Mrs S Pease
Mrs R Richards *
Mrs K Thompson *
Mr P Walker (Acting Headteacher & Accounting Officer)

* members of the Finance, Buildings and Resource committee

Senior management team

- Headteacher and Accounting Officer
- Acting Headteacher and Accounting Officer
- Assistant Headteacher
- Assistant Headteacher
- Assistant Headteacher

Mr M J Horsley (Deceased 13 October 2015)
Mr P Walker

Mr C Jackson
Mr L Hardcastle
Mrs S Forrest

Company secretary and principal finance officer

Mrs P Mellor

Company registration number

07646836 (England and Wales)

Registered office

High Street
Crofton
Wakefield
West Yorkshire
WF4 1NF

CROFTON ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor GBAC Limited
Old Linen Court
83-85 Shambles Street
Barnsley
South Yorkshire
S70 2SB

Bankers Lloyds Bank Plc
17 Westgate
Wakefield
West Yorkshire
WF1 1JZ

Solicitors Bury & Walkers LLP
Brittanic House
Regent Street
Barnsley
South Yorkshire
S70 2EQ

CROFTON ACADEMY

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2015

The governors present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 1 September 2014 to 31 August 2015. The annual report serves the purpose of both a trustees' report and a directors' report under company law. The report has been prepared in accordance with Part VI of the Charities Act 2011, together with reference to guidance provided in the Education Funding Agency's ("EFA") Academy's Financial Handbook 2014 and Accounts Direction 2014-2015.

The financial statements have been prepared in accordance with the accounting policies on pages 24 to 26 of the financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 2006, and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 ('SORP 2005').

The academy operates an academy for pupils aged 11 to 16 serving a catchment area in the villages of Crofton, Sharlston and Walton. However, due to their outstanding achievements and Ofsted reports, they attract a much wider community taking approximately 40% of their pupils from across the Wakefield district and wider afield. The academy has a pupil capacity of 1,020 and had a roll of 1,003 in the school census of January 2015.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy.

The charitable company, Crofton Academy, was established to advance, for the public benefit, education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. Crofton Academy operates in place of Crofton High School which ceased to exist as a maintained school on 31 July 2011.

The governors are the trustees of Crofton Academy and are also the directors of the charitable company for the purposes of company law. Details of the governors who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Governors' indemnities

In accordance with normal commercial practice, Crofton Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1million on any one claim. The cost of this insurance is included in the total insurance cost.

CROFTON ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

Method of recruitment and appointment or election of governors

The number of governors shall be not less than three and the Members of the Academy may appoint up to 20 governors.

Those Parent and Staff Governors who were members of the Governing Body of the predecessor school as at 31 July 2011 were deemed to be elected for the purposes of the Articles of Association and shall serve their remaining term of office, as if they were still the governing body of the former school. The term of office for any Governor shall be four years, but this time limit shall not apply to the Headteacher or any Staff Governors who shall only hold office for so long as he/she is employed by the Academy. Subject to remaining eligible to be a particular type of Governor, any Governor may be reappointed or re-elected.

There must be a minimum of two parent governors who are elected by parents of registered pupils at the school. Where a vacancy for a parent governor exists, nominations can be sought from the parents of registered pupils at the school. Where the number nominated exceeds the number of vacancies, a ballot is held.

The Members may appoint staff governors but in practice these are nominated by staff employed by the Academy provided that the total number of governors (including the Headteacher) who are employees of the Academy does not exceed one third of the total number of governors.

The Headteacher is an ex-officio governor of the Academy. The governors may appoint up to three co-opted governors. Governors are appointed or co-opted to bring specific skills and experience to board for the benefit of the Academy. The Secretary of State may appoint additional governors.

Policies and procedures adopted for the induction and training of governors

The training and induction for governors is dependent on their existing experience. Governors have a designated Training Link Governor who has responsibility for ensuring that all new governors are adequately inducted and trained in order to fulfil their duties. The Academy subscribes to Wakefield Metropolitan District Council's ("WMDC") Governing Body SLA which provides a comprehensive training package and full induction programme.

The Induction Programme also includes meeting the Headteacher, a visit and walk around school to experience day to day school life and an opportunity to attend each Committee prior to choosing which to become a member of.

CROFTON ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

Organisational structure

The management structure consists of two levels; the Governing Body and the Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by use of results and budgets, and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Governing Body has overall responsibility for the administration of the Academy's finances. The responsibilities include:

- A. Ensuring that grants from the EFA are only used for the purposes intended
- B. Ensuring that funds from sponsors are received in accordance with the Academy's Funding Agreement, and are used only for the purposes intended
- C. Approval of the annual budget
- D. Reviewing the Committee Terms of Reference on an annual basis
- E. Reviewing the Scheme of Delegation on an annual basis
- F. Approval of bank accounts, investments, use of debit cards and authorisation levels
- G. Ensuring the Register of Business Interests is kept up to date
- H. Implementation of a Whistleblowing Policy
- I. Appointment of the Headteacher
- J. Appointment of the Chief Finance Officer (CFO) in conjunction with the Headteacher

Finance, Buildings and Resources Committee

This committee (made up of 50% of the Governing Body, a chair and the Headteacher) meets at least once a term and acts in partnership with the Headteacher in accordance with Statutory requirements and general principles set by the Governing Body. The responsibilities of the Committee are as follows:

- A. To assist the decision making of the Governing Body, by enabling detailed scrutiny of financial proposals, thereby ensuring sound management of the Academy's public and private finances, and resources including buildings
- B. To ensure that the Academy undertakes proper planning, monitoring and probity
- C. To consider the indicative funding allocation from the EFA to assess the financial implications for the Academy and report any significant issues to the Governing Body
- D. To consider the draft budget in consultation with the Headteacher/CFO and recommend approval to the Governing Body
- E. To monitor and review financial performance on a regular basis by consideration of the CFO reports
- F. To contribute to formulating the School Development Plan (SDP) and consider aims, objectives and priorities against available financial resources
- G. To review the Academy's Financial Management Policy (FMP) and scheme of delegation relating to financial matters, including the levels of delegation for day-to-day financial management
- H. To ensure all procurement is in line with the scheme of delegation and tendering procedures to achieve and demonstrate value for money
- I. To make recommendations to the Governing Body relating to the level and use of contingency funds and reserves
- J. To ensure the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE/EFA guidance issued to academies
- K. To review the insurance arrangements and options available to the Academy on an annual basis
- L. To fulfil the role of an Audit Committee to review the risks to internal financial control and agree a programme of work to address these
- M. To receive the reports relating to regularity audit work on the effectiveness of the financial procedures and controls
- N. To receive and comment on the content of the Management letter following the annual audit of accounts
- O. To recommend the appointment or re-appointment of the Academy auditors
- P. To review and monitor the condition of school premises and establish medium term plans in relation to a repairs and maintenance programme within the needs and priorities identified in the Asset Management Plan
- Q. To agree a lettings policy and review this and the charges on an annual basis
- R. To keep the Health and Safety and Emergency procedures and policies under review ensuring the necessary checks and assessments are undertaken to ensure compliance with appropriate legislation

CROFTON ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

Curriculum, Staffing and Pupil Committee

This committee is made up of 50% of the Governing body, a chair and the Headteacher. The committee acts in partnership with the Headteacher, and in accordance with Statutory requirements and general principles set by the Governing Body. The responsibilities of the committee are as follows:

- A. To monitor standards achieved by pupils and report on the Academy's examination performance
- B. To monitor pupil standards and achievements in particular groups to ensure that there is a 'closing of the gap' in educational achievement
- C. To ensure that Academy policies, in relation to the curriculum, staff and pupils are fit for purpose and reviewed on a regular basis to promote improved standards and contain appropriate targets/success criteria
- D. To ensure that the school development plan is focused on appropriate priorities for raising standards
- E. To monitor the Academy's success in promoting inclusion
- F. To monitor use of Pupil Premium funding to ensure that it is targeting the pupils it is intended for, along with their learning priorities
- G. To monitor the schools' processes and procedures in place to ensure that pupils are well behaved and safe
- H. Designation of a member of staff to be responsible for child-protection and safeguarding and liaising with other agencies
- I. To ensure that policies on child protection are up-to-date, in accordance with statutory requirements, DfE and LA advice and these are communicated to staff and parents
- J. To review the curriculum policy annually
- K. To review the sex education policy every two years
- L. To monitor the quality of teaching and learning
- M. To monitor and evaluate the quality of the leadership and management within the Academy
- N. To agree the staffing establishment and structure on an annual basis
- O. To determine staff pay (teaching and non-teaching), ensuring that the annual review of teachers' salaries is in line with the School Teachers' Pay and Conditions document including annual pay review for teachers
- P. To draft and approve whole school personnel and pay policies, taking into account local and national developments

The Academy also has a Headteachers Performance Management Committee, a Complaints Committee and a Quality Standards Committee.

Day to Day Management

The day to day management of the school is delegated to the Headteacher and through him the Senior Leadership Team consisting of the Deputy Headteacher and Assistant Headteachers. These senior managers control the Academy at an executive level implementing the policies laid down by the Governing Body and reporting back to them. Furthermore, they are responsible for the authorisation of spending within agreed budgets and the appointment of staff through an agreed recruitment process. The Governing Body oversees the strategic direction of the Academy and has created a committee structure which enables it to meet its legal obligations and acts as an informed critical friend to Management. The Headteacher is the Accounting Officer supported by the Principal Finance Officer.

Related parties and other connected charities and organisations

The Academy is freestanding and independent of all other organisations.

The school has worked in partnership with Wakefield College in creating Crofton 6th form, which was officially opened in September 2014. This year saw the first cohort of pupils leave to their first choice of university in 2015.

CROFTON ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

Objectives and activities

Objectives, strategies and activities

In setting the Academy's objectives and planning our activities, Governors have complied with their duty to have regard to the Charity Commission's general guidance on public benefit.

In accordance with its objectives, the main activities provided by the Academy during the period included:

- A. Teaching and learning opportunities for all students to attain appropriate academic and vocational qualifications, training and development for all staff and a programme of sporting and after-school leisure activities for all students
- B. Raising standards of educational attainment for all pupils
- C. An independent careers advisory service to help students obtain, implement or move on to higher education
- D. Compliance with appropriate statutory and curriculum requirements
- E. Provision of value for money
- F. Developing and strengthening links within the Community and with other schools/academies, in particular the partnership with Wakefield College to facilitate Post-16 provision
- G. Conducting the Academy business in accordance with the highest standards of integrity, probity and openness

At Crofton Academy every individual will be cared for, supported and challenged, to maximise their potential in order to create a feeling of self worth and ambition. This aspirational journey will allow each member of our community to develop individually within an ethos of respect, enjoyment, sense of belonging and provide a foundation for life long learning.

The Aims of the School:

Values - The diverse needs of everyone are recognised and supported to promote equal opportunities to create an inclusive school.

Pledge - To foster a caring and safe environment built on mutual respect and clear expectations, where success is promoted and celebrated.

Opportunities - To offer broad, relevant and flexible opportunities that provide enjoyable and challenging experiences which maximise the life chances of all.

Staff - To nurture all staff through secure, supportive, continuous professional development and via Performance Management, to support the delivery of school priorities and individual personal development. Care for staff extends to their well-being, ensuring their professional duties are effectively met.

Learning Environment - To provide a stimulating environment encompassing new technologies which reflect the changing needs of the local and wider communities. In response, learners will be recognised as flexible and adaptable in the face of challenge and change.

Learner Achievement - The learner experience will enable the development of responsible, tolerant citizens encouraging ownership of their communities. Independent, reflective learners will flourish through opportunities to engage in creative exploration. Our learners will be confident and resilient enough to drive for success.

Partnerships - To initiate, promote and enhance a positive and lasting partnership between school, its stakeholders and the wider community. To take a lead with the Wakefield Teaching School and to continue to work with Wakefield College on Post-16 provision.

Public benefit

The governors have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

We have great expectations of all our pupils and we encourage every young person to rise above the ordinary. A broad curriculum which is balanced and personalised, taking into account individual strengths is offered to all pupils and we offer a sense of belonging, pride and above all a sense in the community.

CROFTON ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

Strategic report

Achievements and performance

The Academy is now in its fourth year of operation and continues to achieve forecast numbers and students. Total students in the period ended 31 August 2015 averaged 1004. The annual admissions limit approved by the governing body is 204.

Examination results for 2015 demonstrate that we continue to produce high standards of achievement. The key indicator of 5 A* to C's including Maths and English was 64%, and 73% 5 A* to C grades. The intake measure for the school cohort places the students at around the national average. The national average for 5 A* to C's including Maths and English in 2015 was 56%. This places the Academy at 8% above national average.

Since August 2015, the Headteacher Jez Horsley was absent from work, due to ill health. Unfortunately he passed away in October 2015.

Mr Horsley was an excellent and inspirational Headteacher who helped transform Crofton High School to Crofton Academy, an outstanding school (Ofsted 2011) that has a Post16 facility on site in addition to positive working relations with the local feeder primary schools. His leadership ensured that the school remains in a very strong position, in terms of its care and support for all its pupils, their attainment and progress and the financial sustainability in the medium and long term.

Key performance indicators

- A. To continue to improve standards of teaching and learning throughout the school and aim for an aspirational target of 100% good or outstanding lessons
- B. To ensure that each individual group achieves in line with at least school and national benchmarks
- C. To improve attendance to an aspirational target of 96%
- D. To maintain significant high levels of attainment and have a clear focus on individual pupil development and impacts
- E. To have a clear drive on Pupil Premium attainment and focus on 'closing the gap'
- F. To ensure that Gifted & Talented students achieve their full potential
- G. To ensure that the school is well placed for new performance measures
- H. To maintain a balanced budget with sufficient reserves held as a contingency fund
- I. To ensure staffing costs are in line with local and national benchmarking guidance when compared against income levels.
- J. To ensure that surplus funds are invested wisely in order to generate additional resources for the benefit of the Academy.

Going concern

After making appropriate enquiries, the board of governors has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of governors continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

Most of the Academy's income is obtained from the Department for Education ("DfE"), via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2015 and the associated expenditure are shown as restricted funds in the statement of financial activities.

At 31 August 2015 the net book value of fixed assets was £17,828,555 in the financial statements. The assets are used for providing education and associated support services to the pupils of the Academy as well as generating other income through the hire of facilities and minor trading activities.

The excess of expenditure over income on unrestricted funds was £468,429 for the period. This can be used for any purposes within the Academy's charitable objectives.

CROFTON ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

Reserves policy

The governors consider it prudent that the Academy maintains sufficient reserves to meet unexpected expenditure. The Finance, Buildings and Resources Committee reviews the level of reserves on an annual basis in conjunction with budget setting and the need to match income with commitments and priorities outlined in the School Development Plan.

The Academy has been prudent in recent years, ensuring that a significant contingency or reserve fund has always been maintained. A formal contingency budget of £500,000 is allocated in annual budget plans to allow the flexibility to meet necessary or unexpected expenditure in the year.

The value of free reserves being the income funds that are freely available for its general purposes total £187,942 at 31 August 2015.

The pension fund is materially in deficit totalling £422,000 at 31 August 2015. The deficit is the result of the actuarial valuation, does not result in an immediate cash flow impact on the Academy.

Investment policy and powers

Academy funds are held in bank deposit and current accounts which are low risk investments. Surplus funds are invested periodically for short-term periods for instance, 6 months, with a guaranteed rate of return, which can amount to approximately £5,000 annually. Additionally, as part of a legal partnering agreement between Wakefield College and Crofton Academy, a financial advance of £500,000 was made to Wakefield College to provide a programme related investment in the form of an interest-bearing loan to be used towards the construction and establishment of a Post16 centre. The payment was made in December 2014 and interest received amounted to £11,866, during the period to 31st August 2015.

Principal risks and uncertainties

The Governors have implemented a number of systems within day to day operational practice to assess risks that the Academy faces, especially in relation to professional/employment procedures, teaching and learning, health and safety, bullying and school trips and particularly in relation to the control of finance. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover and contingency funds in place to deal with unforeseen circumstances which may impact on resources. The governors believe that the Academy has an effective system of internal financial controls.

The governors assess the principal risks and uncertainties facing the Academy as follows:

- A. Staff retention possibly the biggest single risk to the Academy would lie in its failure to retain key staff, in particular, the Headteacher. To address leadership succession planning and staff retention issues, Governors have provided a number of opportunities for middle managers to experience SLT responsibilities. They have further allowed some staff to have a 'double jump' up the pay scale which is in line with the school's pay policy for "exceptional and sustained" performance.
- B. The ability to attract quality staff, particularly in the EBACC subjects of English, maths, science, humanities and Modern Foreign Languages
- C. Falling student rolls which will impact on funding
- D. Uncertainty regarding future government funding streams and ongoing funding reforms as we move towards a national funding formula to promote transparency within the education sector
- E. Failure to educate - recent cases have caused significant financial implications for schools and academies within the UK
- F. The Academy's dealings with financial instruments are limited to bank accounts, creditors and debtors. This limitation serves to minimise credit and liquidity risks when this is combined with the nature of the Academy's debtors and therefore the risk to cash flow is also minimal

CROFTON ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

Plans for future periods

The Academy is robust in its quality assurance and future planning. The annual Academy Development Plan covers a 3 year period with in-year priorities clearly defined. This document is produced by the Senior Leadership Team in conjunction with governors.

Governors are also mindful that the drive for system leadership may require the Academy to sponsor other Academies in the near future. As such they will ensure that school policies, procedures, systems and staffing structures are robust and flexible enough to ensure that high standards are maintained both at the Academy and in any other Academy Partnership.

The major project during 2014/15 was the new 3G pitch, which was ready in September 2015 but cost significantly less than the £500,000 committed last year. The facility widens the Academy's capacity to offer community use to local users and clubs with potential to raise additional revenue outside school hours.

Governors agree to re-direct the surplus funds to refurbish ICT rooms in Summer, enhance existing facilities and purchase new ICT equipment. Additionally, approval was given to refurbish the PE changing rooms, and this project will be completed early in 2015/16.

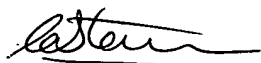
Auditor

In so far as the governors are aware:

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

The auditor, GBAC Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

The trustees' report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on 18 December 2015 and signed on its behalf by:



Mrs C Stevenson
Chair of governors

CROFTON ACADEMY

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2015

Scope of responsibility

As governors we acknowledge we have overall responsibility for ensuring that Crofton 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 board of governors has delegated the day-to-day responsibility to the Headteacher, 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 Crofton Academy and the Secretary of State for Education. They are also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

During the year, the key changes in the composition of the board of trustees are in respect of the resignations of S J Oliver and P Bolson (parent governor).

CROFTON ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The board of governors has formally met 4 times during the year. Attendance during the year at meetings of the board of governors was as follows:

| Governors | Meetings attended | Out of possible |
|--|-------------------|-----------------|
| Mr M J Horsley (Headteacher & Accounting Officer) (Deceased 13 October 2015) | 4 | 4 |
| Miss J Chambers | 3 | 4 |
| Mr G Hinchliffe (Staff governor) | 3 | 4 |
| Mr S K Lavell (Vice chair of governors) | 4 | 4 |
| Mr R Lister (Chair of Finance, Business & Resources Committee) | 1 | 4 |
| Mr D Marshall | 1 | 4 |
| Mr T Morris | 3 | 4 |
| Mr S J Oliver (Resigned 20 November 2014) | 0 | 2 |
| Mrs P A Shepherd (Staff governor) | 3 | 4 |
| Mr J Simpson | 3 | 4 |
| Mrs C Stevenson (Chair of governors) | 3 | 4 |
| Mr S Bennett | 4 | 4 |
| Mrs S Lumsdon | 3 | 4 |
| Mr R Vaughan | 3 | 4 |
| Mr R Scaife | 3 | 4 |
| Mr P Bolson (Resigned 1 December 2014) | 0 | 2 |
| Mrs S Pease | 4 | 4 |
| Mrs R Richards | 3 | 4 |
| Mrs K Thompson | 4 | 4 |
| Mr P Walker (Acting Headteacher & Accounting Officer) | 3 | 4 |

The trust's system of financial governance includes strong oversight by the governing body/trustees and Headteacher/Accounting Officer. Half-termly governing body meetings are held and the Finance, Buildings and Resources Committee meet at least once a term to monitor the financial operations of the Academy. The Chief Finance Officer provides detailed budget monitoring reports for scrutiny and challenge, and the budget is reviewed against expectations and projections on an on-going basis. The Chief Finance Officer and Headteacher meet on a weekly basis to discuss issues arising on an operational level.

The Governing Body considered the need for a specific internal audit function and has decided not to appoint an internal auditor for both financial and practical reasons. The Academy receive advice and support throughout the year from its External Auditor on compliance and accounting practice, particularly on complex issues.

Review of value for money

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

CROFTON ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

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

- ensuring the economic, efficient and effective use of resources to achieve the best educational outcomes for our students
- ensuring value for money in all financial transactions, including robust controls on expenditure, continuous monitoring and reporting to stakeholders
- ensuring support for Pupil Premium students is personalised to focus on maximising potential and closing the attainment gap by accessing a variety of learning and financial resources to produce appropriate outcomes
- reviewing the staffing structure to deploy staff efficiently to support the curriculum and meet the needs of our students
- developing a high quality in-house HR service to provide an independent and personalised service for our staff
- streamlining the payroll process by introducing e-payslips
- regular review of Service Level Agreements (SLAs) and contracts to ensure that they are fit for purpose and offer not only best value, but quality service provision
- enhancement of sports facilities to facilitate the delivery of a wider range of sports and PE activities, together with the potential to raise additional revenue by letting facilities to community groups
- rigorous monitoring of cash flow to allow surplus funds to be invested to generate additional income.

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 Crofton Academy for the period 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of governors has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors 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 period 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of governors.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of governors;
- regular reviews by the finance, building and resources 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.

CROFTON ACADEMY

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, governors appointed R Scaife, a Governor, as Responsible Officer ('RO').

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. The checks undertaken have included a review of the operation of the financial systems and controls in the Academy.

The RO reports to the Finance, Buildings and Resources Committee and then the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

Review of effectiveness

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

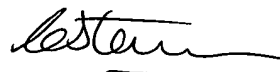
- the work of the responsible officer;
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the finance, buildings and resources committee and plans to address weaknesses and ensure continuous improvement of the system are in place.

Approved by order of the board of governors on 18 December 2015 and signed on its behalf by:



Mr P Walker
**Acting Headteacher and
Accounting Officer**



Mrs C Stevenson
Chair of governors

CROFTON ACADEMY

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2015

As Accounting Officer of Crofton Academy I have considered my responsibility to notify the academy board of governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with Education Funding Agency terms and conditions of funding, under the funding agreement in place between the academy and Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

Approved on 18 December 2015 and signed by:



Mr P Walker
Acting Accounting Officer

CROFTON ACADEMY

STATEMENT OF GOVERNORS' RESPONSIBILITIES

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

Company law requires the 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:

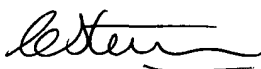
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2005;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material 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 the EFA 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the board of governors on 18 December 2015 and signed on its behalf by:



Mrs C Stevenson
Chair of governors

CROFTON ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CROFTON ACADEMY

We have audited the accounts of Crofton Academy for the year ended 31 August 2015 set out on pages 21 to 41. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the EFA.

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor

As explained more fully in the Governors' Responsibilities Statement set out on page 16, the governors, who are also the directors of Crofton Academy for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

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

Scope of the audit of the accounts

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

Opinion on accounts

In our opinion the accounts:

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

Opinion on other matter prescribed by the Companies Act 2006

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

CROFTON ACADEMY

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

Matters on which we are required to report by exception

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

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



Miss Victoria Jane Harrison (Senior Statutory Auditor)
for and on behalf of GBAC Limited

Statutory Auditor
Old Linen Court
83-85 Shambles Street
Barnsley
South Yorkshire
S70 2SB

Dated: 18 December 2015

CROFTON ACADEMY

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

In accordance with the terms of our engagement letter dated 15 October 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Crofton Academy during the period 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Crofton Academy's funding agreement with the Secretary of State for Education dated 26 July 2011 and the Academies Financial Handbook, extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

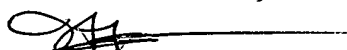
- Discussions with officers of the academy throughout the audit process to ensure that all regularity threats have been addressed;
- Testing of income and expenditure for compliance with the funding and other agreements, the Academies Financial Handbook and the academy's systems of controls;
- Review of the activities carried out by the academy;
- Review of the academy's internal procedures to ensure that adequate controls are in place to prevent or identify regularity issues;
- Ensure EFA approval has been obtained where appropriate for relevant transactions.

CROFTON ACADEMY

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

Conclusion

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

A handwritten signature in black ink, consisting of a stylized 'S' followed by a horizontal line.

**Reporting Accountant
for and on behalf of GBAC Limited**

Dated: 18 December 2015

CROFTON ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2015

| | | Unrestricted funds | Restricted funds | Fixed Asset fund | Total 2015 | Total 2014 |
|---|----------|-----------------------|---------------------|---------------------|-------------------|-------------------|
| | Notes | £ | £ | £ | £ | £ |
| Incoming resources | | | | | | |
| <i>Resources from generated funds</i> | | | | | | |
| - Voluntary income | 2 | 5,059 | - | - | 5,059 | 65 |
| - Activities for generating funds | 3 | 10,531 | 253,494 | - | 264,025 | 271,138 |
| - Investment income | 4 | 15,981 | - | - | 15,981 | 4,974 |
| <i>Resources from charitable activities</i> | | | | | | |
| - Funding for educational operations | 5 | - | 5,538,650 | 20,369 | 5,559,019 | 5,600,918 |
| Total incoming resources | | 31,571 | 5,792,144 | 20,369 | 5,844,084 | 5,877,095 |
| Resources expended | | | | | | |
| <i>Costs of generating funds</i> | | | | | | |
| - Fundraising trading | 6 | - | 283,356 | - | 283,356 | 297,263 |
| <i>Charitable activities</i> | | | | | | |
| - Educational operations | 7 | - | 5,294,418 | 308,362 | 5,602,780 | 5,363,566 |
| Governance costs | 8 | - | 16,270 | - | 16,270 | 15,795 |
| Total resources expended | 6 | - | 5,594,044 | 308,362 | 5,902,406 | 5,676,624 |
| Net incoming resources before transfers | | 31,571 | 198,100 | (287,993) | (58,322) | 200,471 |
| Gross transfers between funds | | (500,000) | (512,328) | 1,012,328 | - | - |
| Net income/(expenditure) for the year | | (468,429) | (314,228) | 724,335 | (58,322) | 200,471 |
| Other recognised gains and losses | | | | | | |
| Actuarial gains on defined benefit pension scheme | 19 | - | 9,000 | - | 9,000 | 354,000 |
| Net movement in funds | | (468,429) | (305,228) | 724,335 | (49,322) | 554,471 |
| Fund balances at 1 September 2014 | | 656,371 | 571,899 | 17,104,220 | 18,332,490 | 17,778,019 |
| Fund balances at 31 August 2015 | | 187,942 | 266,671 | 17,828,555 | 18,283,168 | 18,332,490 |

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

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

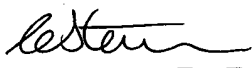
CROFTON ACADEMY

BALANCE SHEET

AS AT 31 AUGUST 2015

| | Notes | 2015 £ | £ | 2014 £ | £ |
|--|-------|-------------------|-------------------|-------------------|-------------------|
| Fixed assets | | | | | |
| Tangible assets | 11 | 17,328,555 | | 17,104,220 | |
| Investments | 12 | 500,000 | | - | |
| | | <u>17,828,555</u> | | <u>17,104,220</u> | |
| Current assets | | | | | |
| Stocks | 13 | 60,977 | | 77,852 | |
| Debtors | 14 | 257,803 | | 248,872 | |
| Cash at bank and in hand | | 948,946 | | 1,754,036 | |
| | | <u>1,267,726</u> | | <u>2,080,760</u> | |
| Creditors: amounts falling due within one year | 15 | (391,113) | | (437,490) | |
| Net current assets | | | 876,613 | | 1,643,270 |
| Total assets less current liabilities | | | 18,705,168 | | 18,747,490 |
| Defined benefit pension liability | 19 | (422,000) | | (415,000) | |
| Net assets | | | <u>18,283,168</u> | | <u>18,332,490</u> |
| Funds of the academy: | | | | | |
| Restricted income funds | 17 | | | | |
| - Fixed asset funds | | 17,828,555 | | 17,104,220 | |
| - General funds | | 688,671 | | 986,899 | |
| - Pension reserve | | (422,000) | | (415,000) | |
| Total restricted funds | | <u>18,095,226</u> | | <u>17,676,119</u> | |
| Unrestricted funds | 17 | 187,942 | | 656,371 | |
| Total funds | | <u>18,283,168</u> | | <u>18,332,490</u> | |

The accounts were approved by order of the board of governors and authorised for issue on 18 December 2015.



Mrs C Stevenson
Chair of governors

Company Number 07646836

CROFTON ACADEMY

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2015

| | Notes | 2015 £ | 2014 £ |
|---|-----------|-----------|-----------|
| Net cash inflow from operating activities | 20 | 106,444 | 485,979 |
| Returns on investments and servicing of finance | | | |
| Investment income | 15,981 | 4,974 | |
| Net cash inflow from returns on investments and servicing of finance | | 15,981 | 4,974 |
| | | 122,425 | 490,953 |
| Capital expenditure and financial investments | | | |
| Capital grants received | 20,369 | 20,430 | |
| Payments to acquire tangible fixed assets | (447,884) | (228,667) | |
| Payments to acquire investments | (500,000) | - | |
| Net cash flow from capital activities | | (927,515) | (208,237) |
| (Decrease)/increase in cash | 21 | (805,090) | 282,716 |

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

1 Accounting policies

1.1 Basis of preparation

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

1.2 Going concern

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

1.3 Incoming resources

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

Grants receivable

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

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

Sponsorship income

Sponsorship income provided to the academy which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable, where there is certainty of receipt and the value of the donation is measurable.

Donations

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

Other income

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

Donated services and gifts in kind

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

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

1 Accounting policies

(Continued)

1.4 Resources expended

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

Costs of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities

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

Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

| | |
|--------------------------------|--|
| Long leasehold buildings | Straight line over the period of the lease - 125 years |
| Equipment | 20% reducing balance |
| Computer and other equipment | 33% straight line |
| Fixtures, fittings & equipment | 25% straight line |
| Motor vehicles | 25% reducing balance |

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

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

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

1 Accounting policies

(Continued)

1.6 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.7 Investments

Fixed asset investments are stated at market value.

1.8 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

1.9 Taxation

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

1.10 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 19, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each year.

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

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

1 Accounting policies

(Continued)

1.11 Fund accounting

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

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

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

2 Voluntary income

| | Unrestricted funds £ | Restricted funds £ | Total 2015 £ | Total 2014 £ |
|---------------------|----------------------------|--------------------------|--------------------|--------------------|
| Private sponsorship | 5,059 | - | 5,059 | 65 |

3 Activities for generating funds

| | Unrestricted funds £ | Restricted funds £ | Total 2015 £ | Total 2014 £ |
|--------------------|----------------------------|--------------------------|--------------------|--------------------|
| Hire of facilities | 880 | - | 880 | 1,488 |
| Catering income | - | 143,827 | 143,827 | 141,287 |
| Other income | 9,651 | 109,667 | 119,318 | 128,363 |
| | 10,531 | 253,494 | 264,025 | 271,138 |

4 Investment income

| | Unrestricted funds £ | Restricted funds £ | Total 2015 £ | Total 2014 £ |
|-------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Short term deposits | 4,115 | - | 4,115 | 4,974 |
| Other investment income | 11,866 | - | 11,866 | - |
| | 15,981 | - | 15,981 | 4,974 |

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

5 Funding for the academy's educational operations

| | Unrestricted funds £ | Restricted funds £ | Total 2015 £ | Total 2014 £ |
|--------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| DfE / EFA grants | | | | |
| General annual grant (GAG) | - | 5,188,402 | 5,188,402 | 5,241,777 |
| Capital grants | - | 20,369 | 20,369 | 20,430 |
| Other DfE / EFA grants | - | 250,817 | 250,817 | 293,696 |
| | - | 5,459,588 | 5,459,588 | 5,555,903 |
| Other government grants | | | | |
| Local authority grants | - | 83,666 | 83,666 | 35,265 |
| Other grants | - | 15,765 | 15,765 | 9,750 |
| | - | 99,431 | 99,431 | 45,015 |
| Total funding | - | 5,559,019 | 5,559,019 | 5,600,918 |

6 Resources expended

| | Staff costs £ | Premises & equipment £ | Other costs £ | Total 2015 £ | Total 2014 £ |
|---|---------------------|------------------------------|---------------------|--------------------|--------------------|
| Academy's educational operations | | | | | |
| - Direct costs | 3,980,083 | 168,364 | 557,569 | 4,706,016 | 4,025,014 |
| - Allocated support costs | 196,560 | 336,124 | 364,080 | 896,764 | 1,338,552 |
| | 4,176,643 | 504,488 | 921,649 | 5,602,780 | 5,363,566 |
| Other expenditure | | | | | |
| Costs of activities for generating funds | - | - | 283,356 | 283,356 | 297,263 |
| Governance costs | - | - | 16,270 | 16,270 | 15,795 |
| | - | - | 299,626 | 299,626 | 313,058 |
| Total expenditure | 4,176,643 | 504,488 | 1,221,275 | 5,902,406 | 5,676,624 |

| | | |
|--|-------------|-------------|
| Net income for the year includes: | 2015 | 2014 |
| | £ | £ |
| Operating leases | | |
| - Plant and machinery | - | 2,280 |
| Fees payable to auditor | | |
| - Audit | 7,000 | 6,500 |
| - Other services | 3,750 | 4,145 |

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

7 Charitable activities - the academy's educational operations

| | Unrestricted funds £ | Restricted funds £ | Total 2015 £ | Total 2014 £ |
|--|----------------------------|--------------------------|--------------------|--------------------|
| Direct-costs | | | | |
| Teaching and educational support staff costs | - | 3,940,569 | 3,940,569 | 3,428,367 |
| Depreciation | - | 168,364 | 168,364 | 112,606 |
| Technology costs | - | 54,445 | 54,445 | 77,268 |
| Educational supplies and services | - | 144,556 | 144,556 | 129,117 |
| Examination fees | - | 89,467 | 89,467 | 60,804 |
| Staff development | - | 39,514 | 39,514 | 27,274 |
| Educational consultancy | - | 37,533 | 37,533 | - |
| Other direct costs | - | 231,568 | 231,568 | 189,578 |
| | - | 4,706,016 | 4,706,016 | 4,025,014 |
| Allocated support costs | | | | |
| Support staff costs | - | 157,560 | 157,560 | 541,824 |
| Depreciation | - | 139,998 | 139,998 | 188,221 |
| Technology costs | - | 22,031 | 22,031 | 39,854 |
| Maintenance of premises and equipment | - | 196,126 | 196,126 | 234,099 |
| Cleaning | - | 112,409 | 112,409 | 111,014 |
| Energy costs | - | 82,995 | 82,995 | 58,739 |
| Rent and rates | - | 42,333 | 42,333 | 36,740 |
| Insurance | - | 35,969 | 35,969 | 36,467 |
| Security and transport | - | 17,024 | 17,024 | 13,823 |
| Other support costs | - | 90,319 | 90,319 | 77,771 |
| | - | 896,764 | 896,764 | 1,338,552 |
| Total costs | - | 5,602,780 | 5,602,780 | 5,363,566 |

8 Governance costs

| | Unrestricted funds £ | Restricted funds £ | Total 2015 £ | Total 2014 £ |
|---------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Legal and professional fees | - | 105 | 105 | 5,150 |
| Auditor's remuneration | - | 16,165 | 16,165 | 10,645 |
| - Audit of financial statements | - | 16,270 | 16,270 | 15,795 |

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

9 Staff costs

| | 2015 £ | 2014 £ |
|---|------------------|------------------|
| Wages and salaries | 3,274,396 | 3,137,654 |
| Social security costs | 223,454 | 234,150 |
| Other pension costs | 514,807 | 482,591 |
| | <u>4,012,657</u> | <u>3,854,395</u> |
| Supply teacher costs | 96,273 | 96,541 |
| Staff development and other staff costs | 67,713 | 53,529 |
| | <u>67,713</u> | <u>53,529</u> |
| Total staff costs | <u>4,176,643</u> | <u>4,004,465</u> |

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

| | 2015 Number | 2014 Number |
|----------------------------|----------------|----------------|
| Teachers | 64 | 62 |
| Administration and support | 28 | 29 |
| Management | 7 | 6 |
| Educational support | 38 | 37 |
| | <u>137</u> | <u>134</u> |

The number of employees whose annual remuneration was £60,000 or more was:

| | 2015 Number | 2014 Number |
|--------------------|----------------|----------------|
| £60,000 - £70,000 | 2 | - |
| £90,000 - £100,000 | - | 1 |
| | <u>-</u> | <u>1</u> |

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2015**

10 Governors' remuneration and expenses

The headteacher and other staff governors only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff, and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy trust in respect of their role as governors.

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

Michael Jeremy Horsley (headteacher)

Remuneration £60,000-£65,000 (2014 : £95,000-£100,000)

Employer's pension contributions £5,000-£10,000 (2014: £10,000-£15,000)

Gary Hinchliff (staff)

Remuneration £35,000-£40,000 (2014 : £35,000-£40,000)

Employer's pension contributions £5,000-£10,000 (2014: £5,000-£10,000)

Patricia Ann Shepherd (staff)

Remuneration £25,000-£30,000 (2014 : £25,000-£30,000)

Employer's pension contributions £0-£5,000 (2014: £0-£5,000)

Observer governor

Peter Walker (acting headteacher)

Remuneration £65,000-£70,000 (2014 : £55,000 - £60,000)

Employer's pension contributions £5,000-£10,000 (2014: £5,000-£10,000)

During the period ended 31 August 2015, travel and subsistence expenses totalling £207 (2014: £449) were reimbursed or paid directly to 2 governors (2014: 1 governor).

Other related party transactions involving the governors are set out within the related parties note.

Governors' and officers' insurance

In accordance with normal commercial practice, the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2015 is included in the total insurance cost, but cannot be separately identified.

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

11 Tangible fixed assets

| | Land and buildings | Computer and other equipment | Fixtures, fittings & equipment | Motor vehicles | Total |
|-----------------------|-----------------------|------------------------------------|--------------------------------------|-------------------|------------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 September 2014 | 17,171,424 | 444,682 | 269,056 | 10,151 | 17,895,313 |
| Additions | 419,727 | 77,929 | 35,041 | - | 532,697 |
| At 31 August 2015 | 17,591,151 | 522,611 | 304,097 | 10,151 | 18,428,010 |
| Depreciation | | | | | |
| At 1 September 2014 | 410,131 | 226,973 | 146,851 | 7,138 | 791,093 |
| Charge for the year | 137,539 | 101,395 | 68,675 | 753 | 308,362 |
| At 31 August 2015 | 547,670 | 328,368 | 215,526 | 7,891 | 1,099,455 |
| Net book value | | | | | |
| At 31 August 2015 | 17,043,481 | 194,243 | 88,571 | 2,260 | 17,328,555 |
| At 31 August 2014 | 16,761,293 | 217,709 | 122,205 | 3,013 | 17,104,220 |

12 Fixed asset investments

| | £ |
|-------------------------|---------|
| Market value | |
| At 1 September 2014 | - |
| Acquisitions at cost | 500,000 |
| At 31 August 2015 | 500,000 |
| Historical cost: | |
| At 31 August 2015 | 500,000 |
| At 31 August 2014 | - |

During the year the academy made a financial advance to Wakefield College to provide a programme related investment in the form of an interest-bearing loan to be used towards the construction and establishment of a Post16 centre. Interest is charged at 3.25% above the Bank of England base rate.

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

| | | | |
|-----------|---|----------------------|----------------------|
| 13 | Stocks | 2015 | 2014 |
| | | £ | £ |
| | School uniform | 48,514 | 53,184 |
| | Stationery stock | 12,463 | 24,668 |
| | | <u>60,977</u> | <u>77,852</u> |
| 14 | Debtors | 2015 | 2014 |
| | | £ | £ |
| | Trade debtors | 30,646 | 85,614 |
| | VAT recoverable | 104,985 | 47,530 |
| | Prepayments and accrued income | 122,172 | 115,728 |
| | | <u>257,803</u> | <u>248,872</u> |
| 15 | Creditors: amounts falling due within one year | 2015 | 2014 |
| | | £ | £ |
| | Trade creditors | 146,150 | 314,840 |
| | Taxes and social security costs | 71,181 | 68,879 |
| | Other creditors | 6,000 | 2,191 |
| | Accruals | 138,645 | 39,570 |
| | Deferred income | 29,137 | 12,010 |
| | | <u>391,113</u> | <u>437,490</u> |
| 16 | Deferred income | 2015 | 2014 |
| | | £ | £ |
| | Deferred income is included within: | | |
| | Creditors due within one year | <u>29,137</u> | <u>12,010</u> |
| | Total deferred income at 1 September 2014 | 12,010 | 11,882 |
| | Amounts credited to the statement of financial activities | (12,010) | (11,882) |
| | Amounts deferred in the year | <u>29,137</u> | <u>12,010</u> |
| | Total deferred income at 31 August 2015 | <u>29,137</u> | <u>12,010</u> |

The deferred income relates to the general devolved capital grant and the NNDR rates relief received for the period to 31 March 2016.

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

17 Funds

| | Balance at 1 September 2014 £ | Incoming resources £ | Resources expended £ | Gains, losses & transfers £ | Balance at 31 August 2015 £ |
|-------------------------------------|-------------------------------------|----------------------------|----------------------------|-----------------------------------|-----------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant | 1,001,205 | 5,188,402 | (4,988,608) | (512,328) | 688,671 |
| Other DfE / EFA grants | 59,597 | 250,817 | (310,414) | - | - |
| Other government grants | (65,999) | 99,431 | (33,432) | - | - |
| Other restricted funds | (7,904) | 253,494 | (245,590) | - | - |
| | <u>986,899</u> | <u>5,792,144</u> | <u>(5,578,044)</u> | <u>(512,328)</u> | <u>688,671</u> |
| Funds excluding pensions | 986,899 | 5,792,144 | (5,578,044) | (512,328) | 688,671 |
| Pension reserve | (415,000) | - | (16,000) | 9,000 | (422,000) |
| | <u>571,899</u> | <u>5,792,144</u> | <u>(5,594,044)</u> | <u>(503,328)</u> | <u>266,671</u> |
| Restricted fixed asset funds | | | | | |
| DfE / EFA capital grants | 1,041,916 | 20,369 | 16,972 | 1,012,328 | 2,091,585 |
| Inherited fixed asset fund | 16,062,304 | - | (325,334) | - | 15,736,970 |
| | <u>17,104,220</u> | <u>20,369</u> | <u>(308,362)</u> | <u>1,012,328</u> | <u>17,828,555</u> |
| Total restricted funds | <u>17,676,119</u> | <u>5,812,513</u> | <u>(5,902,406)</u> | <u>509,000</u> | <u>18,095,226</u> |
| Unrestricted funds | | | | | |
| General funds | 656,371 | 31,571 | - | (500,000) | 187,942 |
| Total funds | <u>18,332,490</u> | <u>5,844,084</u> | <u>(5,902,406)</u> | <u>9,000</u> | <u>18,283,168</u> |

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

The General Annual Grant is the funding received from the EFA for the purposes of providing educational services. The excess GAG can be used to purchase fixed assets for the assistance in providing the educational services.

The pension fund deficit is as a result of the actuarial valuation but does not result in an immediate cash flow impact on the Academy.

The EFA capital grants fund has resulted from assets being purchased from grants provided by the EFA which can only be used to purchase fixed assets.

The inherited fixed asset fund has resulted from the conversion of the school to an Academy and the assets being transferred to their ownership.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

18 Analysis of net assets between funds

| | Unrestricted funds £ | Restricted funds £ | Fixed asset funds £ | Total funds £ |
|--|----------------------------|--------------------------|---------------------------|-------------------|
| Fund balances at 31 August 2015 are represented by: | | | | |
| Tangible fixed assets | - | - | 17,328,555 | 17,328,555 |
| Fixed asset investments | - | - | 500,000 | 500,000 |
| Current assets | 187,942 | 1,079,784 | - | 1,267,726 |
| Creditors falling due within one year | - | (391,113) | - | (391,113) |
| Defined benefit pension liability | - | (422,000) | - | (422,000) |
| | <u>187,942</u> | <u>266,671</u> | <u>17,828,555</u> | <u>18,283,168</u> |

19 Pensions and similar obligations

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Yorkshire Pension Authority. Both are defined-benefit schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and the latest actuarial valuation 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' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

19 Pensions and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million, giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations; and
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £356,322 (2014: £333,166).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 16.0% for employers and 5.5% to 12.5% for employees depending on the employees salary. The estimated value of employer contributions for the forthcoming year is £106,000.

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.

The local government pension scheme is materially in deficit, totalling £422,000 at 31 August 2015. The deficit is as a result of the actuarial valuation but does not result in an immediate cash flow impact on the Academy.

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

19 Pensions and similar obligations

(Continued)

| Contributions made | 2015 £ | 2014 £ |
|--|-----------|-----------|
| Employer's contributions | 104,000 | 99,000 |
| Employees' contributions | 38,000 | 36,000 |
| Total contributions | 142,000 | 135,000 |
| Principal actuarial assumptions | 2015 % | 2014 % |
| Rate of increase in salaries | 3.5 | 3.6 |
| Rate of increase for pensions in payment | 2.0 | 2.1 |
| Discount rate for scheme liabilities | 3.8 | 3.7 |
| Inflation assumption (CPI) | 3.1 | 2.1 |
| Commutation of pensions to lump sums | 75 | 75 |

The sensitivity analysis for the principal assumptions used to measure scheme liabilities are set out below:

| Assumption | Change in assumption | Impact on scheme liabilities |
|-----------------------|-------------------------------|----------------------------------|
| Discount rate | Increase / decrease by 0.1% | Increase / decrease by 3.2% |
| Rate of inflation | Increase / decrease by 0.1% | Increase / decrease by 0.0% |
| Rate of salary growth | Increase / decrease by 0.1% | Increase / decrease by 3.2% |
| Rate of mortality | Increase / decrease by 1 year | Increase 3.1% / decrease by 3.2% |

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

| | 2015 Years | 2014 Years |
|----------------------|---------------|---------------|
| Retiring today | | |
| - Males | 22.6 | 22.5 |
| - Females | 25.5 | 25.4 |
| Retiring in 20 years | | |
| - Males | 24.8 | 24.7 |
| - Females | 27.8 | 27.7 |

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

19 Pensions and similar obligations

(Continued)

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

| | 2015 Expected return % | 2015 Fair value £ | 2014 Expected return % | 2014 Fair value £ |
|--|---------------------------------|-------------------------|---------------------------------|-------------------------|
| Equities | 75.9 | 1,615,152 | 7.5 | 1,482,474 |
| Bonds | 10.4 | 221,312 | 2.9 | 203,322 |
| Corporate bonds | 4.6 | 97,888 | 3.3 | 102,648 |
| Cash | 1.5 | 31,920 | 1.1 | 76,986 |
| Property | 4.5 | 95,760 | 6.8 | 65,142 |
| Other assets | 3.1 | 65,968 | 7.5 | 43,428 |
| | | | | |
| Total market value of assets | | 2,128,000 | | 1,974,000 |
| Present value of scheme liabilities - funded | | (2,550,000) | | (2,389,000) |
| | | | | |
| Net pension asset / (liability) | | (422,000) | | (415,000) |

The recommended assumptions for Equity and Property are based on Aon Hewitt's Capital Market Assumptions. These are their 'best estimates' of annualised returns. The assumptions are long term assumptions based on a 10 year projection period and are updated on a quarterly basis.

The actual return on scheme assets was £27,000 (2014: £210,000).

Amounts recognised in the statement of financial activities

| | 2015 £ | 2014 £ |
|--|-----------|-----------|
| Operating costs/(income) | | |
| Current service cost (net of employee contributions) | 159,000 | 149,000 |
| Past service cost | - | - |
| | | |
| Total operating charge | 159,000 | 149,000 |
| | | |
| Finance costs/(income) | | |
| Expected return on pension scheme assets | (131,000) | (119,000) |
| Interest on pension liabilities | 92,000 | 112,000 |
| | | |
| Net finance costs/(income) | (39,000) | (7,000) |
| | | |
| Total charge | 120,000 | 142,000 |

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

19 Pensions and similar obligations

(Continued)

Actuarial gains and losses recognised in the statement of financial activities

| | 2015 £ | 2014 £ |
|---|------------------|------------------|
| Actuarial (gains)/losses on assets: actual return less expected | - | - |
| Experience (gains) on liabilities | (9,000) | (354,000) |
| (Gains)/losses arising from changes in assumptions | - | - |
| Total (gains) | <u>(9,000)</u> | <u>(354,000)</u> |
| Cumulative (gains) to date | <u>(116,000)</u> | <u>(107,000)</u> |

Movements in the present value of defined benefit obligations

| | 2015 £ | 2014 £ |
|---------------------------------|--------------------|--------------------|
| Obligations at 1 September 2014 | (2,389,000) | (2,457,000) |
| Current service cost | (159,000) | (149,000) |
| Interest cost | (92,000) | (112,000) |
| Contributions by employees | (38,000) | (36,000) |
| Actuarial gains/(losses) | 113,000 | 263,000 |
| Benefits paid | 15,000 | 102,000 |
| At 31 August 2015 | <u>(2,550,000)</u> | <u>(2,389,000)</u> |

Movements in the fair value of scheme assets

| | 2015 £ | 2014 £ |
|----------------------------|------------------|------------------|
| Assets at 1 September 2014 | 1,974,000 | 1,731,000 |
| Expected return on assets | 131,000 | 119,000 |
| Actuarial gains/(losses) | (104,000) | 91,000 |
| Contributions by employers | 104,000 | 99,000 |
| Contributions by employees | 38,000 | 36,000 |
| Benefits paid | (15,000) | (102,000) |
| At 31 August 2015 | <u>2,128,000</u> | <u>1,974,000</u> |

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

19 Pensions and similar obligations (Continued)

History of experience gains and losses

| | 2015 £ | 2014 £ | 2013 £ | 2012 £ |
|--|-------------|-------------|-------------|-------------|
| Present value of defined benefit obligations | (2,550,000) | (2,389,000) | (2,457,000) | (2,216,000) |
| Fair value of share of scheme assets | 2,128,000 | 1,974,000 | 1,731,000 | 1,407,000 |
| Deficit | (422,000) | (415,000) | (726,000) | (809,000) |
| Experience adjustment on scheme assets | (104,000) | 91,000 | 105,000 | (68,000) |
| Experience adjustment on scheme liabilities | 113,000 | 263,000 | 30,000 | (314,000) |

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

| | 2015 £ | 2014 £ |
|--|-----------|-----------|
| Net income | (58,322) | 200,471 |
| Capital grants and similar income | (20,369) | (20,430) |
| Investment income | (15,981) | (4,974) |
| FRS17 pension costs less contributions payable | 55,000 | 50,000 |
| FRS17 pension finance (income) / expenditure | (39,000) | (7,000) |
| Depreciation of tangible fixed assets | 308,362 | 300,827 |
| Decrease/(increase) in stocks | 16,875 | (17,774) |
| (Decrease) in debtors | (8,931) | (93,997) |
| Increase/(decrease) in creditors | (46,377) | 78,856 |
| Fixed assets accrued not paid for | (84,813) | - |
| Net cash inflow from operating activities | 106,444 | 485,979 |

21 Reconciliation of net cash flow to movement in net funds

| | 2015 £ | 2014 £ |
|-------------------------------|-----------|-----------|
| Increase in cash | (805,090) | 282,716 |
| Net funds at 1 September 2014 | 1,754,036 | 1,471,320 |
| Net funds at 31 August 2015 | 948,946 | 1,754,036 |

22 Analysis of net funds

| | At 1 September 2014 £ | Cash flows £ | Non-cash changes £ | At 31 August 2015 £ |
|--------------------------|-----------------------------|-----------------|--------------------------|---------------------------|
| Cash at bank and in hand | 1,754,036 | (805,090) | - | 948,946 |

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

23 Contingent liabilities

There were no contingent liabilities at 31 August 2015.

24 Commitments under operating leases

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

| | 2015 £ | 2014 £ |
|------------------------------|--------------|--------------|
| Expiry date: | | |
| - Within one year | 1,025 | - |
| - Between two and five years | 5,717 | 2,280 |
| | <u>6,742</u> | <u>2,280</u> |

25 Capital commitments

| | 2015 £ | 2014 £ |
|---|---------------|-----------|
| At 31 August 2015 the company had capital commitments as follows: | | |
| Expenditure contracted for but not provided in the accounts | 31,506 | - |
| | <u>31,506</u> | <u>-</u> |

The commitments are in relation to the costs incurred for the completion of the sports pitch in September 2015.

26 Related parties

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which governors have 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.

During the year the Academy recharged expenses to Wakefield College amounting to £76,338 (2014: £160,968). At the year end £28,525 (2014: £71,250) was still outstanding.

Services were also purchased from Wakefield College totalling £1,495 (2014: £14,642). No balance was outstanding at the year end.

27 Members' liability

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