

Company Registration No. 07646836 (England and Wales)

CROFTON ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2017

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CROFTON ACADEMY

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CROFTON ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Miss J Chambers (Resigned 15 November 2016)
Mr G Hinchliffe (Staff trustee) (Resigned 24 November 2016)
Mr S K Lavell (Vice chair of trustees)
Mr R Lister (Resigned 16 March 2017)
Mr D Marshall
Mr T Morris (Chair of Finance, Business & Resources Committee)
Mrs P A Shepherd (Staff trustee)
Mr J Simpson (Resigned 1 December 2017)
Mrs C Stevenson (Chairman)
Mr S Bennett
Mrs S Lumsdon
Mr R Vaughan
Mr R Scaife
Mrs S Pease
Mrs R Richards (Resigned 15 December 2017)
Mrs K Thompson (Resigned 15 December 2017)
Mr P Walker (Headteacher & Accounting Officer)
Mr S Wood (Staff trustee) (Appointed 24 November 2016)
Mr P Levey (Appointed 16 March 2017)
Mrs S Kilbride (Appointed 16 March 2017)
Mrs S Archer (Appointed 27 June 2017)
Mrs S Gallivan (Appointed 27 June 2017)

Members

Mr S K Lavell
Mr R Lister (Resigned 16 March 2017)
Mr D Marshall
Mr T Morris
Mr J Simpson (Resigned 1 December 2017)
Mrs C Stevenson
Mr S Bennett
Mrs S Lumsdon
Mr R Vaughan
Mr R Scaife
Mrs S Pease
Mrs K Thompson (Resigned 15 December 2017)
Mr P Levey (Appointed 16 March 2017)
Mrs R Richards (Resigned 15 December 2017)
Mrs S Killbride (Appointed 16 March 2017)
Mrs S Archer (Appointed 27 June 2017)
Mrs S Gallivan (Appointed 27 June 2017)

CROFTON ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Senior management team

- Headteacher and Accounting Officer	Mr P Walker
- Deputy Headteacher (appointed September 2016)	Mr L Hardcastle
- Assistant/Acting Deputy Headteacher	Mrs S Forrest
- Deputy Headteacher (appointed September 2016)	Ms R Craven
- Assistant Headteacher (appointed October 2016)	Mrs K Ashton
- Assistant Headteacher (appointed October 2016)	Mr R Fieldhouse

Company secretary and principal finance officer

Mr R Scaife

Company registration number

07646836 (England and Wales)

Registered office

High Street
Crofton
Wakefield
West Yorkshire
WF4 1NF

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

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 1 September 2016 to 31 August 2017. 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 and Skills Funding Agency's ("ESFA") Academy's Financial Handbook 2016 and Accounts Direction 2016-2017.

The financial statements have been prepared in accordance with the accounting policies on pages 26 to 30 of the financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 2006, and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)).

The 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 good reputation, they attract a much wider community taking approximately 50% 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 1,013 in the school census of May 2017.

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 trustees of Crofton Academy are also the directors of the charitable company for the purposes of company law. Details of the trustees 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.

Trustees' 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

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Method of recruitment and appointment or election of trustees

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 trustees

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

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 ESFA 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
- K. Review and approval of the annual report and accounts

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 ESFA 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/ESFA 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

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 and support staff salaries are in line with current arrangements in the National Joint Council for local government
- P. To draft and approve whole school personnel and pay policies, taking into account local and national developments
- Q. To ensure the academy complies with the latest requirements in relation to safe recruitment and safeguarding procedures

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 Headteachers 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.

CROFTON ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Arrangements for setting pay and remuneration of key management personnel

The Governing Body will take account of the complexity and challenge of the role of Headteacher, Deputy Headteacher, Assistant Headteacher and any other member of the academy's key management personnel, in the particular context of the school when determining the Indicative Pay Range for the posts. When determining the Indicative Pay Range, the Governing Body must take into account all of the permanent responsibilities of the role. The core salary should include all permanent responsibilities and a discretionary allowance can only be paid for time limited additional responsibilities.

When determining the position of the Indicative Pay Range the Governing Body will consider:

- A. The context and challenge arising from pupil needs
- B. The degree of complexity and challenge
- C. Any additional accountability not reflected in the group size

The Governing Body will ensure that performance-based progression awards reflect individual performance. Members of the Leadership Group must demonstrate sustained high quality of performance, with particular regard to leadership and management and pupil progress at the academy and will be subject to a review of performance against appraisal objectives and against the relevant standards before any performance points will be awarded. Annual pay progression within the range for these posts is not automatic.

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.

CROFTON ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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.

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.

Public benefit

The trustees 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.

CROFTON ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Strategic report

Achievements and performance

The academy is now in its seventh year of operation and continues to achieve forecast numbers and students. Total students in the period ended 31 August 2017 averaged 1,008. The annual admissions limit approved by the governing body is 204.

The academy has undergone a large change in personnel over the last two years following recent turbulent times. During this academic year Ofsted rated the academy as requires improvement; it highlighted the significant staffing changes at all levels and with a need to improve on the progress and attendance of a group of pupils. However it did go on to report that systems to keep pupils safe is good; the governors are strong and have an accurate view of the school's strengths and weaknesses; the headteacher, supported by governors and a new and capable senior leadership team has accelerated the pace of improvement.

The accountability measures for schools has changed and for 2017 the main figures were the proportion of pupils achieving a grade 4 or better in English and maths, the proportion of pupils attaining a grade 5 or better in English and maths, attainment 8 and progress 8.

The academy achieved 60% of grade 4 in English and Maths compared to a national average of 59%. For grade 5 or better in English and Maths the academy achieved 35% compared to a national average of 39%. Attainment 8 was in line with national figures of 44.1 however the progress 8 measure was -0.29 which is below average. These results are not yet validated. The academy has already adapted the curriculum with the offer of courses available to students that will in the future improve this figure.

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 the 2017 attendance of 94.6% 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 trustees 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 trustees 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 ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

At 31 August 2017 the net book value of fixed assets was £17,681,057 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 income over expenditure on unrestricted funds was £23,941 for the period. This can be used for any purposes within the Academy's charitable objectives.

CROFTON ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 £243,138 at 31 August 2017.

The trust is carrying a net surplus of £1,012,755 on restricted general funds (excluding pension reserves) plus the balance on unrestricted funds at 31 August 2017. The academy has been prudent in recent years, ensuring that a significant contingency or reserve fund has been maintained. A formal contingency budget of £500,000 is allocated in the annual budget plans to allow the flexibility to meet necessary or unexpected expenditure in the years.

The pension fund is materially in deficit totalling £702,000 at 31 August 2017. The deficit is the result of the actuarial valuation, it 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 £17,547, during the period to 31 August 2017.

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

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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.

During the year there was a restructure of the senior leadership team which resulted in the appointment of two deputy head teachers, Mr L Hardcastle and Ms R Craven, whom started this post in September 2016. Post year end the mid leadership team had a restructure due to retirement and promotions. This has resulted in the appointment of two new assistant head teachers, Mrs K Ashton and Mr R Fieldhouse.


Auditor

In so far as the trustees are aware:

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

The 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 trustees, as the company directors, on 20 December 2017 and signed on its behalf by:



Mrs C Stevenson
Chairman

CROFTON ACADEMY

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Scope of responsibility

As trustees 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 trustees 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 trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Miss J Chambers (Resigned 15 November 2016)	0	1
Mr G Hinchliffe (Staff trustee) (Resigned 24 November 2016)	1	1
Mr S K Lavell (Vice chair of trustees)	5	6
Mr R Lister (Resigned 16 March 2017)	0	2
Mr D Marshall	1	6
Mr T Morris (Chair of Finance, Business & Resources Committee)	5	6
Mrs P A Shepherd (Staff trustee)	3	6
Mr J Simpson (Resigned 1 December 2017)	2	6
Mrs C Stevenson (Chairman)	6	6
Mr S Bennett	4	6
Mrs S Lumsdon	4	6
Mr R Vaughan	5	6
Mr R Scaife	5	6
Mrs S Pease	4	6
Mrs R Richards (Resigned 15 December 2017)	4	6
Mrs K Thompson (Resigned 15 December 2017)	5	6
Mr P Walker (Headteacher & Accounting Officer)	6	6
Mr S Wood (Staff trustee) (Appointed 24 November 2016)	6	6
Mr P Levey (Appointed 16 March 2017)	3	4
Mrs S Kilbride (Appointed 16 March 2017)	3	3
Mrs S Archer (Appointed 27 June 2017)	1	1
Mrs S Gallivan (Appointed 27 June 2017)	1	1

The composition of the board of trustees had no key changes during the year.

Its purpose is to set aims and objectives for the school, set policies for achieving those aims and objectives, monitor and evaluate the progress of the school and to be a source of challenge and support to the headteacher.

CROFTON ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Governance is strong. Governors know the strengths and areas for development of the school well. They have a very good range of relevant skills, with some having worked in senior posts in education. They have used performance management to hold leaders to account, and ensure that they fulfil their statutory duties in as far as finance and safeguarding are concerned.

The governors have also supported staff and pastorally during times of difficulty and transition. Governors have led the school in reshaping the senior team and making staff appointments to strengthen provision for pupils. For example, their leadership in the recent appointment of an assistant head to focus on the progress of disadvantaged pupils is beginning to have a positive impact.

Governors have reflected on their own effectiveness and changed the structure of their meetings in order to have a greater level of impact on the school and the quality of education on offer.

Finance, Buildings and Resource Committee

The Finance, Buildings and Resource Committee is a sub-committee of the main governing body. Its purpose is to assist the decision making of the Governing Body, by enabling more detailed scrutiny and consideration of financial information to ensure sound management of the Academy's public and private resources. Reports and recommendations relating to key financial decisions are presented to the Governing Body for perusal and major issues will require additional ratification. The Committee has formally met 3 times during the year.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mr R Lister (Resigned 16 March 2017)	0	1
Mr D Marshall	0	3
Mr T Morris (Chair of Finance, Business & Resources Committee)	3	3
Mrs P A Shepherd (Staff trustee)	3	3
Mr J Simpson (Resigned 1 December 2017)	1	3
Mrs C Stevenson (Chairman)	2	3
Mr S Bennett	2	3
Mr R Scaife	2	3
Mrs R Richards (Resigned 15 December 2017)	0	3
Mr P Walker (Headteacher & Accounting Officer)	3	3
Mr S Wood (Staff trustee) (Appointed 24 November 2016)	3	3
Mrs S Kilbride (Appointed 16 March 2017)	1	2

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 2017

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 trustees 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 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance, 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 2017

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, to carry out a programme of internal checks.

The reviewer'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 checks completed by the reviewer included:

- An in-depth review of all finance processes and testing of internal controls
- Comprehensive review and testing of year-end accounts and accompanying schedule
- Meetings with finance team to understand any issues or concerns.

The reviewer 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 reviewer;
- 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 trustees on 20 December 2017 and signed on its behalf by:



Mr P Walker
**Headteacher and
Accounting Officer**

CROFTON ACADEMY

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2017

As Accounting Officer of Crofton Academy I have considered my responsibility to notify the academy board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with Education and Skills Funding Agency terms and conditions of funding, under the funding agreement in place between the academy and Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy's board of trustees 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 2016.

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

Approved on 20 December 2017 and signed by:



Mr P Walker
Accounting Officer

CROFTON ACADEMY

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees 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 trustees are required to:


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and 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 trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the 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 trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from the ESFA have been applied for the purposes intended.

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

Approved by order of the board of trustees on 20 December 2017 and signed on its behalf by:



Mrs C Stevenson
Chair of governors

CROFTON ACADEMY

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF CROFTON ACADEMY

We have audited the accounts of Crofton Academy for the year ended 31 August 2017 set out on pages 22 to 45. 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 2016 to 2017 issued by the ESFA.

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 trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 17, the trustees, 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 trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Report including the incorporated strategic 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 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the ESFA.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

CROFTON ACADEMY

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

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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Marie Lang (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: 20th December 2017

CROFTON ACADEMY

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

In accordance with the terms of our engagement letter dated 17 November 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Crofton Academy during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Crofton Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Crofton Academy and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Crofton Academy and the ESFA, 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 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy'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 financial procedures to ensure that adequate controls are in place to prevent or identify regularity issues;
- Ensure ESFA 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 AND SKILLS 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 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
GBAC Limited

Dated: 20 December 2017

CROFTON ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2017 £	Total 2016 £
Income and endowments from:						
Donations and capital grants	3	2,100	-	20,976	23,076	20,607
Charitable activities:						
- Funding for educational operations	4	-	5,554,069	-	5,554,069	5,569,921
Other trading activities	5	-	366,666	-	366,666	380,283
Investments	6	21,841	-	-	21,841	25,161
Total income and endowments		23,941	5,920,735	20,976	5,965,652	5,995,972
Expenditure on:						
Raising funds	8	-	275,930	-	275,930	291,265
Charitable activities:						
- Educational operations	7	-	5,630,786	249,024	5,879,810	5,768,975
Total expenditure	8	-	5,906,716	249,024	6,155,740	6,060,240
Net income/(expenditure)		23,941	14,019	(228,048)	(190,088)	(64,268)
Transfers between funds		-	(75,807)	75,807	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	19	-	920,000	-	920,000	(957,000)
Net movement in funds		23,941	858,212	(152,241)	729,912	(1,021,268)
Reconciliation of funds						
Total funds brought forward		219,197	(790,595)	17,833,298	17,261,900	18,283,168
Total funds carried forward		243,138	67,617	17,681,057	17,991,812	17,261,900

CROFTON ACADEMY

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

FOR THE YEAR ENDED 31 AUGUST 2017

Comparative year information Year ended 31 August 2016		Unrestricted Funds	Restricted funds:		Total 2016
	Notes	£	General	Fixed asset	£
Income and endowments from:					
Donations and capital grants	3	6	-	20,601	20,607
Charitable activities:					
- Funding for educational operations	4	-	5,569,921	-	5,569,921
Other trading activities	5	8,669	371,614	-	380,283
Investments	6	25,161	-	-	25,161
Total income and endowments		33,836	5,941,535	20,601	5,995,972
Expenditure on:					
Raising funds	8	-	291,265	-	291,265
Charitable activities:					
- Educational operations	7	2,581	5,496,877	269,517	5,768,975
Total expenditure	8	2,581	5,788,142	269,517	6,060,240
Net income/(expenditure)		31,255	153,393	(248,916)	(64,268)
Transfers between funds		-	(253,659)	253,659	-
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	19	-	(957,000)	-	(957,000)
Net movement in funds		31,255	(1,057,266)	4,743	(1,021,268)
Reconciliation of funds					
Total funds brought forward		187,942	266,671	17,828,555	18,283,168
Total funds carried forward		219,197	(790,595)	17,833,298	17,261,900

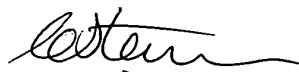
CROFTON ACADEMY

BALANCE SHEET

AS AT 31 AUGUST 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	12	17,181,057	17,333,298
Investments	13	500,000	500,000
		<u>17,681,057</u>	<u>17,833,298</u>
Current assets			
Stocks	14	45,678	65,828
Debtors	15	272,095	304,146
Cash at bank and in hand		1,064,719	1,003,324
		<u>1,382,492</u>	<u>1,373,298</u>
Current liabilities			
Creditors: amounts falling due within one year	16	(369,737)	(498,696)
Net current assets		<u>1,012,755</u>	<u>874,602</u>
Net assets excluding pension liability		<u>18,693,812</u>	<u>18,707,900</u>
Defined benefit pension liability	19	(702,000)	(1,446,000)
Net assets		<u><u>17,991,812</u></u>	<u><u>17,261,900</u></u>
Funds of the academy:			
Restricted funds	18		
- Fixed asset funds		17,681,057	17,833,298
- Restricted income funds		769,617	655,405
- Pension reserve		(702,000)	(1,446,000)
Total restricted funds		<u>17,748,674</u>	<u>17,042,703</u>
Unrestricted income funds	18	<u>243,138</u>	<u>219,197</u>
Total funds		<u><u>17,991,812</u></u>	<u><u>17,261,900</u></u>

The accounts set out on pages 22 to 45 were approved by the board of trustees and authorised for issue on 20 December 2017 and are signed on its behalf by:



Mrs C Stevenson
Chairman

Company Number 07646836

CROFTON ACADEMY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Net cash provided by operating activities	21		115,361		367,689
Cash flows from investing activities					
Dividends, interest and rents from investments		21,841		25,161	
Capital grants from DfE and ESFA		20,976		20,601	
Payments to acquire tangible fixed assets		(96,783)		(359,073)	
			(53,966)		(313,311)
Change in cash and cash equivalents in the reporting period			61,395		54,378
Cash and cash equivalents at 1 September 2016			1,003,324		948,946
Cash and cash equivalents at 31 August 2017			1,064,719		1,003,324

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

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

1.1 Basis of preparation

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

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

1.2 Going concern

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

1.3 Income

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

Grants receivable

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

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

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

Sponsorship income

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

Donations

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

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Other income

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

Donated goods, facilities and services

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

Donated fixed assets

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

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

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

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on 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:

Land and buildings	Straight line over the period of the lease - 125 years
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.

1.6 Liabilities

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

1.7 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.

1.8 Investments

Fixed asset investments are stated at cost.

1.9 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.10 Stock

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

1.11 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.

1.12 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 quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.13 Fund accounting

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

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

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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

2 Critical accounting estimates and areas of judgement

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Capital grants	-	20,976	20,976	20,601
Other donations	2,100	-	2,100	6
	<u>2,100</u>	<u>20,976</u>	<u>23,076</u>	<u>20,607</u>

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

4 Funding for the academy's educational operations

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
DfE / ESFA grants				
General annual grant (GAG)	-	5,241,106	5,241,106	5,238,093
Other DfE / ESFA grants	-	254,642	254,642	273,106
	-	5,495,748	5,495,748	5,511,199
Other government grants				
Local authority grants	-	57,621	57,621	58,722
Other grants	-	700	700	-
	-	58,321	58,321	58,722
Total funding	-	5,554,069	5,554,069	5,569,921

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Hire of facilities	-	-	-	669
Catering income	-	141,966	141,966	155,197
Other income	-	224,700	224,700	224,417
	-	366,666	366,666	380,283

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Short term deposits	4,294	-	4,294	4,848
Other investment income	17,547	-	17,547	20,313
	21,841	-	21,841	25,161

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

7 Charitable activities

	2017 £	2016 £
All from restricted funds:		
Direct costs - educational operations	4,565,440	4,589,857
Support costs - educational operations	1,314,370	1,179,118
	<u>5,879,810</u>	<u>5,768,975</u>
	2017 £	2016 £
Analysis of support costs		
Support staff costs	535,446	469,800
Depreciation and amortisation	114,944	85,981
Technology costs	18,724	15,546
Premises costs	423,999	422,062
Other support costs	166,810	159,772
Governance costs	54,447	25,957
	<u>1,314,370</u>	<u>1,179,118</u>

8 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2017 £	Total 2016 £
Expenditure on raising funds	-	-	275,930	275,930	291,265
Academy's educational operations					
- Direct costs	3,846,367	134,080	584,993	4,565,440	4,589,857
- Allocated support costs	535,446	582,703	196,221	1,314,370	1,179,118
	<u>4,381,813</u>	<u>716,783</u>	<u>1,057,144</u>	<u>6,155,740</u>	<u>6,060,240</u>

Net income/(expenditure) for the year includes:

	2017 £	2016 £
Fees payable to auditor for:		
- Audit	8,250	8,000
- Other services	41,162	17,602
Operating lease rentals	7,816	7,400
Depreciation of tangible fixed assets	249,024	269,517
Net interest on defined benefit pension liability	28,000	14,000

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

9 Staff costs

	2017 £	2016 £
Wages and salaries	3,242,096	3,322,261
Social security costs	308,327	270,954
Operating costs of defined benefit pension schemes	640,788	564,346
Apprenticeship levy	555	-
Staff costs	4,191,766	4,157,561
Supply staff costs	141,346	85,931
Staff development and other staff costs	48,701	61,124
Total staff expenditure	4,381,813	4,304,616

Staff numbers

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

	2017 Number	2016 Number
Teachers	63	62
Administration and support	27	27
Management	6	7
Educational support	35	39
	131	135

Higher paid staff

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

	2017 Number	2016 Number
£60,000 - £70,000	1	-
£80,000 - £90,000	1	1

Key management personnel

The key management personnel of the academy comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by the key management personnel in position during the year for their services to the academy was £352,194 (2016: £308,616).

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

10 Trustees' remuneration and expenses

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

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

Peter Walker (headteacher)

Remuneration £85,000-£90,000 (2016 : £80,000 - £85,000)

Employer's pension contributions £10,000-£15,000 (2016: £10,000-£15,000)

Gary Hinchliff (staff)

Remuneration £5,000-£10,000 (2016 : £30,000-£35,000)

Employer's pension contributions £0-£5,000 (2016: £0-£5,000)

Steve Wood (staff)

Remuneration £30,000-£35,000 (2016: nil)

Employer's pension contributions £5,000-£10,000 (2016: nil)

Patricia Ann Shepherd (staff)

Remuneration £25,000-£30,000 (2016 : £25,000-£30,000)

Employer's pension contributions £0-£5,000 (2016: £0-£5,000)

During the period ended 31 August 2017, travel and subsistence expenses totalling £398 (2016: £619) were reimbursed or paid directly to 2 governors (2016: 1 governor).

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

11 Trustees and officers insurance

In accordance with normal commercial practice, the academy has purchased insurance to protect trustees 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 2017 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 2017

12 Tangible fixed assets

	Land and buildings £	Computer and other equipment £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 September 2016	17,784,295	552,592	355,232	10,151	18,702,270
Additions	14,333	29,092	53,358	-	96,783
At 31 August 2017	17,798,628	581,684	408,590	10,151	18,799,053
Depreciation					
At 1 September 2016	689,360	415,287	255,869	8,456	1,368,972
Charge for the year	142,594	58,878	47,128	424	249,024
At 31 August 2017	831,954	474,165	302,997	8,880	1,617,996
Net book value					
At 31 August 2017	16,966,674	107,519	105,593	1,271	17,181,057
At 31 August 2016	17,094,935	137,305	99,363	1,695	17,333,298

13 Fixed asset investments

	£
Market value	
At 1 September 2016 and at 31 August 2017	500,000
Historical cost:	
At 31 August 2017	500,000
At 31 August 2016	500,000

During the previous 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.

14 Stocks

	2017 £	2016 £
School uniform	36,594	55,984
Stationery stock	9,084	9,844
	45,678	65,828

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

15 Debtors	2017 £	2016 £
Trade debtors	43,662	36,398
VAT recoverable	25,656	33,548
Other debtors	-	215
Prepayments and accrued income	202,777	233,985
	<u>272,095</u>	<u>304,146</u>
16 Creditors: amounts falling due within one year	2017 £	2016 £
Trade creditors	168,658	271,088
Other taxation and social security	79,624	80,639
Other creditors	1,665	12,732
Accruals and deferred income	119,790	134,237
	<u>369,737</u>	<u>498,696</u>
17 Deferred income	2017 £	2016 £
Deferred income is included within:		
Creditors due within one year	<u>29,842</u>	<u>57,135</u>
Deferred income at 1 September 2016	57,135	29,137
Released from previous years	(27,293)	(29,137)
Amounts deferred in the year	-	57,135
Deferred income at 31 August 2017	<u>29,842</u>	<u>57,135</u>

The deferred income relates to the general devolved capital grant and the NNDR rates relief received for the period to 31 March 2018, along with trips and visits income for the period ending 31 August 2018.

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

18 Funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant	655,405	5,241,106	(5,051,087)	(75,807)	769,617
Other DfE / ESFA grants	-	254,642	(254,642)	-	-
Other government grants	-	58,321	(58,321)	-	-
Other restricted funds	-	366,666	(366,666)	-	-
	<u>655,405</u>	<u>5,920,735</u>	<u>(5,730,716)</u>	<u>(75,807)</u>	<u>769,617</u>
Funds excluding pensions	655,405	5,920,735	(5,730,716)	(75,807)	769,617
Pension reserve	(1,446,000)	-	(176,000)	920,000	(702,000)
	<u>(790,595)</u>	<u>5,920,735</u>	<u>(5,906,716)</u>	<u>844,193</u>	<u>67,617</u>
Restricted fixed asset funds					
Transferred on conversion	15,601,819	-	-	-	15,601,819
DfE / ESFA capital grants	2,231,479	20,976	(249,024)	75,807	2,079,238
	<u>17,833,298</u>	<u>20,976</u>	<u>(249,024)</u>	<u>75,807</u>	<u>17,681,057</u>
Total restricted funds	<u>17,042,703</u>	<u>5,941,711</u>	<u>(6,155,740)</u>	<u>920,000</u>	<u>17,748,674</u>
Unrestricted funds					
General funds	219,197	23,941	-	-	243,138
Total funds	<u>17,261,900</u>	<u>5,965,652</u>	<u>(6,155,740)</u>	<u>920,000</u>	<u>17,991,812</u>

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2017**

18 Funds

(Continued)

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

The General Annual Grant is the funding received from the ESFA 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 ESFA capital grants fund has resulted from assets being purchased from grants provided by the ESFA 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 2017.

The trust is carrying a net surplus of £1,012,755 on restricted general funds (excluding pension reserves) plus the balance on unrestricted funds at 31 August 2017. The academy has been prudent in recent years, ensuring that a significant contingency or reserve fund has been maintained. A formal contingency budget of £500,000 is allocated in the annual budget plans to allow the flexibility to meet necessary or unexpected expenditure in the years.

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

18 Funds

(Continued)

Movements in funds - previous year

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant	688,671	5,238,093	(5,017,700)	(253,659)	655,405
Other DfE / ESFA grants	-	273,106	(273,106)	-	-
Other government grants	-	58,722	(58,722)	-	-
Other restricted funds	-	371,614	(371,614)	-	-
	<u>688,671</u>	<u>5,941,535</u>	<u>(5,721,142)</u>	<u>(253,659)</u>	<u>655,405</u>
Funds excluding pensions	688,671	5,941,535	(5,721,142)	(253,659)	655,405
Pension reserve	(422,000)	-	(67,000)	(957,000)	(1,446,000)
	<u>266,671</u>	<u>5,941,535</u>	<u>(5,788,142)</u>	<u>(1,210,659)</u>	<u>(790,595)</u>
Restricted fixed asset funds					
Transferred on conversion	15,736,970	-	(135,151)	-	15,601,819
DfE / ESFA capital grants	2,091,585	20,601	(134,366)	253,659	2,231,479
	<u>17,828,555</u>	<u>20,601</u>	<u>(269,517)</u>	<u>253,659</u>	<u>17,833,298</u>
Total restricted funds	<u>18,095,226</u>	<u>5,962,136</u>	<u>(6,057,659)</u>	<u>(957,000)</u>	<u>17,042,703</u>
Unrestricted funds					
General funds	187,942	33,836	(2,581)	-	219,197
	<u>187,942</u>	<u>33,836</u>	<u>(2,581)</u>	<u>-</u>	<u>219,197</u>
Total funds	<u>18,283,168</u>	<u>5,995,972</u>	<u>(6,060,240)</u>	<u>(957,000)</u>	<u>17,261,900</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 Fund. Both are multi employer defined-benefit schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and the latest actuarial valuation of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £Nil were payable to the schemes at 31 August 2017 (2016 £11,040) and are included within creditors.

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

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.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The 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 previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £400,101 (2016: £411,894).

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

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

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 15.2% for employers and 5.5% to 12.5% for employees.

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 £702,000 at 31 August 2017. The deficit is as a result of the actuarial valuation but does not result in an immediate cash flow impact on the Academy.

Total contributions made	2017 £	2016 £
Employer's contributions	112,000	102,000
Employees' contributions	42,000	41,000
Total contributions	154,000	143,000

Principal actuarial assumptions	2017 %	2016 %
Rate of increases in salaries	3.35	3.4
Rate of increase for pensions in payment	2.1	1.9
Discount rate	2.5	2.0
Inflation assumption (CPI)	3.2	3.0

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

	2017 Years	2016 Years
Retiring today		
- Males	22.1	22.7
- Females	25.2	25.6
Retiring in 20 years		
- Males	23.0	24.9
- Females	27.0	28.0

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

Scheme liabilities would have been affected by changes in assumptions as follows:

Sensitivity analysis	2017 £'000	2016 £'000
Discount rate + 0.1%	3.697	4.018
Discount rate - 0.1%	3.853	4.197
Mortality assumption + 1 year	3.890	4.237
Mortality assumption - 1 year	3.659	3.978
CPI rate + 0.1%	3.827	4.161
CPI rate - 0.1%	3.722	4.054

The academy's share of the assets in the scheme

	2017 Fair value £	2016 Fair value £
Equities	2,368,512	1,998,411
Bonds	294,912	298,032
Corporate bonds	119,808	111,762
Cash	46,080	37,254
Property	138,240	127,728
Other assets	104,448	87,813
Total market value of assets	3,072,000	2,661,000

Actual return on scheme assets - gain/(loss)	341,000	413,000
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Amounts recognised in the statement of financial activities

	2017 £	2016 £
Current service cost	260,000	155,000
Interest income	(54,000)	(83,000)
Interest cost	82,000	97,000
Total operating charge	288,000	169,000

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

Changes in the present value of defined benefit obligations	2017 £	2016 £
Obligations at 1 September 2016	4,107,000	2,550,000
Current service cost	260,000	155,000
Interest cost	82,000	97,000
Employee contributions	42,000	41,000
Actuarial (gain)/loss	(633,000)	1,287,000
Benefits paid	(84,000)	(23,000)
At 31 August 2017	3,774,000	4,107,000

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

	2017 £	2016 £
Assets at 1 September 2016	2,661,000	2,128,000
Interest income	54,000	83,000
Actuarial gain	287,000	330,000
Employer contributions	112,000	102,000
Employee contributions	42,000	41,000
Benefits paid	(84,000)	(23,000)
At 31 August 2017	3,072,000	2,661,000

20 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2017 £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	17,181,057	17,181,057
Fixed asset investments	-	-	500,000	500,000
Current assets	239,706	1,142,786	-	1,382,492
Creditors falling due within one year	3,432	(373,169)	-	(369,737)
Defined benefit pension liability	-	(702,000)	-	(702,000)
	243,138	67,617	17,681,057	17,991,812

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

20 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2016 £
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	17,333,298	17,333,298
Fixed asset investments	-	-	500,000	500,000
Current assets	219,197	1,154,101	-	1,373,298
Creditors falling due within one year	-	(498,696)	-	(498,696)
Defined benefit pension liability	-	(1,446,000)	-	(1,446,000)
	<u>219,197</u>	<u>(790,595)</u>	<u>17,833,298</u>	<u>17,261,900</u>

21 Reconciliation of net expenditure to net cash flows from operating activities

	2017 £	2016 £
Net expenditure for the reporting period	(190,088)	(64,268)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(20,976)	(20,601)
Investment income	(21,841)	(25,161)
Defined benefit pension costs less contributions payable	148,000	53,000
Defined benefit pension net finance cost/(income)	28,000	14,000
Depreciation of tangible fixed assets	249,024	269,517
Decrease/(increase) in stocks	20,150	(4,851)
Decrease/ (increase) in debtors	32,051	(46,343)
(Decrease)/ increase in creditors	(128,959)	107,583
Fixed assets accrued not paid for	-	84,813
Net cash provided by operating activities	<u>115,361</u>	<u>367,689</u>

22 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017 £	2016 £
Amounts due within one year	9,791	4,384
Amounts due in two and five years	16,395	5,126
	<u>26,186</u>	<u>9,510</u>

CROFTON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2017**

23 Contingent liabilities

There were no contingent liabilities at 31 August 2017.

24 Related party transactions

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which trustees 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 £66,167 (2016: £89,586). At the year end £27,946 (2016: £3,162) was still outstanding.

Services were also purchased from Wakefield College totalling £3,909 (2016: £19,966). No balance was outstanding at the year end.

25 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.