

The Rural Enterprise Academy
(A Company Limited by Guarantee)
Report and Financial Statements
Year Ended 31 August 2017



Company Registration Number: 07652211 (England and Wales)

The Rural Enterprise Academy Trust

Contents

Reference and Administrative Details	2
Governors' Report	3
Governance Statement	8
Statement on Regularity, Propriety and Compliance	11
Statement of Governors Responsibilities	12
Independent Auditor's Reports	13
Statement of Financial Activities incorporating Income & Expenditure Account	16
Balance Sheet	17
Cash Flow Statement	18
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	19
Other Notes to the Financial Statements	23

The Rural Enterprise Academy Trust

Reference and Administrative Details

Members
G M Morley
R Faulkner
W L Trigg
R G P Boucherat

Governors (Trustees)	Date Appointed	Date Resigned	Meetings attended/Out of a possible
G M Morley (Chair)	13/7/2012		Board 4/4 Audit N/A Performance N/A
R Faulkner	13/7/2012		Board 3/4 Audit 1/2 Performance N/A
W L Trigg	13/7/2012		Board 3/4 Audit N/A Performance 3/4
W Avery	13/7/2012		Board 1/4 Audit 2/2 Performance N/A
R G P Boucherat (Vice Chair)	29/7/2013		Board 3/4 Audit N/A Performance 4/4
L Makin (Principal & Chief Accounting Officer)	1/9/2012		Board 4/4 Audit N/A Performance 4/4
Will McKinnell (parent governor)	26/3/2013		Board 0/3 Audit N/A Performance 1/3
A Perry (parent governor)	16/10/2012	15/10/16	Board N/A Audit N/A Performance N/A
D C Tomlinson	1/7/16		Board 4/4 Audit N/A Performance 3/4
A Warrington	30/3/2015		Board: 1/4 Audit: 1/2 Performance: N/A
M Pitt	15/12/2016		Board 2/3 Performance 0/2
J Cooper	15/12/2016		Board 2/3 Audit 1/1

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team.

Senior Management Team
L Makin
K Baryana
A Corrigan
E Wilmore

The Rural Enterprise Academy Trust

S Cartwright
S Walker

The Ofsted review of the Academy undertaken in March 2014 graded the leadership and management of the school, which included governance arrangements, as "good" and commented that senior leaders and governors provide effective leadership and ensure improvement in teaching and achievement. They are highly committed to the academy and share a strong vision for students to succeed academically and in life. The Trust operates an academy for pupils aged 13 to 19 in Staffordshire.

Company Secretary V Howard

Principal L Makin

Principal and Registered Office Rodbaston, Penkridge, Staffordshire, ST19 5PH

Company Registration Number 7652211, Registered in England and Wales.

Independent Auditor Mazars, Park View House, 58 The Ropewalk, Nottingham, NG1 5DW

Bankers Yorkshire Bank, Temple Point, 1 Temple Row Birmingham B2 5YB

Solicitors Pickering & Butters, 19 Greengate Street Stafford, ST16 2LU

Governors' Report

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

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 trust.

The governors act as the trustees for the charitable activities of The Rural Enterprise Academy and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Rural Enterprise Academy and was incorporated on 31st May 2011 in England.

Details of the governors who served throughout the year are included in the Reference and Administrative Details on page 2.

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.

Insurance cover to £1m has been in place for governor liability for the period of accounts.

Principal Activities

The main purpose is to establish, maintain, continue, manage and develop a school offering a broad and balanced curriculum. The Academy enables young people from the age of 13 to 16 years, to gain a broad education with traditional and essential qualifications such as English, Maths and Science, and the opportunity to link learning wherever possible to rural enterprise, environmental sustainability and land-based subjects. There is no defined catchment area for the Academy and pupils attend from a wide geographical area.

The Rural Enterprise Academy Trust

Governors' Report (continued)

Method of Recruitment and Appointment or Election of governors

South Staffordshire College as lead sponsor of TREA set up the Trust comprising of four members. The four members may appoint up to 6 governors. The members may appoint staff governors provided the total number of governors (including the Principal) who are employees of the Academy Trust does not exceed one third of the total number of governors. Parent governors are elected by parents of the registered pupils at the Academy. The members may appoint 1 governor from each of the NFU and Veolia.

Organisational Structure

Members of the Governing Body are detailed on page 2 of this report. The Governors make the key decisions for and determine the general policies of the Academy. The Governors meet at least three times a year as a full board and receives reports from the sub committees. There are three sub-committees that support the Board; Audit Committee is scheduled to meet at least twice per year, and Performance which is scheduled to meet three times per year and Remuneration which meets as and when required.

Arrangements for setting pay and remuneration of key management personnel

The Governor trustees of the Academy receive no remuneration other than the reimbursement of evidenced out of pocket expenses. Staff members who are key management personnel, other than the Principal, have their pay reviewed annually against performance criteria. The Principal's pay is approved by the remuneration committee and is benchmarked against similar roles and size of organisation within the education sector.

Policies and Procedures Adopted for the Induction and Training of Trustees

New governors join throughout the year; induction tends to be done informally and is tailored specifically to the individual. Other training is conducted as necessary.

Risk Management

The Academy gave priority to risk management and as such ensured an assessment of key business risks was undertaken with approval of the risk register prior to the commencement of the year. This has been monitored by the Audit Committee and the Board throughout the year. Key business risk related to quality of provision and the finances of the Academy.

A risk register is maintained at the Academy level which is reviewed at each meeting of the Audit Committee, Performance Committee and the Board. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Academy and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Connected Organisations, including Related Party Relationships

The Academy is supported by South Staffordshire College who are the lead sponsor and provided resources and expertise to establish the free school on its campus at Rodbaston. Two companies, the NFU and Veolia are also sponsors who contribute to the running of the Academy by involvement as Governors and as ambassadors for TREA in their respective industries. The sponsors are committed to assisting with marketing and promoting the academy especially within the land-based sector.

Auditors

The board of governors at its meeting on 11 July 2016 re-appointed RSM as internal auditor for 2016/2017. Also the board of governors, at its meeting on 10 December 2013, appointed Mazars as Financial Statements and Regularity auditor from 1 September 2013 until 31 August 2017.

The Rural Enterprise Academy Trust

Governors' Report (continued)

Objectives and Activities

Objects and Aims

The aim of the Academy is to enable young people from the age of 13, to gain a broad education with traditional and essential qualifications such as English, Maths and Science, as well as the opportunity to link learning, wherever possible, to rural enterprise, environmental sustainability and land-based subjects.

Objectives, Strategies and Activities

The main financial objectives of the Academy for its fourth year of operation were to minimise its budget deficit before financial support from South Staffordshire College and maintain a positive cash flow.

Much work has been undertaken in year to develop strategies to ensure that the quality of teaching and learning within the Academy is effective in supporting its pupils to succeed to the best of their ability, and that the pastoral care provides a safe and secure environment.

Public Benefit

In setting and reviewing the academy's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the academy provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent progression record for students
- Strong student support systems
- Links with sponsor industries

Strategic report

Achievements and Performance

The assessment of the Ofsted inspection carried out in March 2014 was that the academy overall was "Good". This was reflected in Parent's views with Ofsted commenting that, "Parents are overwhelmingly positive about the high level of personal care and support their children receive. Vulnerable students are well supported. Guidance for students' next steps in their education is good." Subsequent regular surveys support this view.

The fourth cohort of pupils who started at the academy in September 2015 took their external examinations during the summer of 2017. Progress 8 for this cohort of pupils was +0.25 which is a substantial positive increase on the previous year. The attainment of pupils in the cohort remained relatively high in English and maths despite the change to 9-1 GCSEs.

In addition to traditional academic subjects academy pupils were able to study a BTEC Level 2 qualification in Agriculture or Animal Care. Whilst Agriculture is important to develop employability skills in the rural sectors it is not included in performance tables.

Year 11 pupils have progressed to school sixth forms, further education and training at South Staffordshire College or elsewhere and into apprenticeship programmes.

Sixth form pupils completed A Levels in 2017 and all pupils achieved or exceeded their individual ALIS targets. All pupils achieved the necessary grades to secure places at their first choice of university.

The Rural Enterprise Academy Trust

Governors' Report (continued)

The overall attendance of Year 9 to Year 11 pupils for the last academic year was 91.43%. The recruitment target for Year 9 for 2017 starters was fifty five pupils and the Academy recruited forty eight. The sixth form is not currently operating as there were insufficient applications to support any A Level groups.

Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the academy trust has adequate resources to operate for the foreseeable future. The Academy is supported financially by its main sponsor, South Staffordshire College, and an agreed level of funding through to 2019/20 has been agreed by both Boards. The Academy Board is also actively exploring an option to join a local Multi Academy Trust in order to realise economies of scale in its operation. For this reason it adopts the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Key Financial Performance Indicators

For its fourth year of operation the Academy was required to stay within the deficit budget that South Staffordshire College had agreed to support, and maintain a positive cash balance. Both of these were achieved.

Financial Review

Overall the academy generated net incoming resources for the year of £1,013k, including the capital grant funding from the DfE of £101k which has been received into the restricted fixed asset fund.

Excluding the fixed asset fund, the academy realised total net expenditure of £102k with total grant income of £880k from the DfE/EFA and £32k of other income, offset by expenditure of £1,014k, the majority of which related to staff costs.

As at 31 August 2017 the net book value of fixed assets was £4,621k. In year additions totalled £80k relating to final works agreed with the DfE for the initial refurbishment and build project funded by grant. The main expenditure was to replace the roof on the refurbished part of the School. The Academy had cash at bank and in hand totalling £241k at the year end.

Principal Risks and Uncertainties

The academy had a risk management process in place that identified key risks and reported progress towards mitigating the risks termly to the Audit Committee, Performance Committee and Board. The key risks identified included the recruitment of sufficient learners to ensure the ongoing financial viability of the academy and the risk of a failure to achieve high quality provision and outcomes for learners.

Reserves Policy

The Governors will review the reserve levels of the academy annually taking into account the nature of income and expenditure streams. The Governors have determined that the academy will aim towards building up reserves to an appropriate level as the academy grows in size. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

At the end of the 2016/17 year the Academy has unrestricted reserves of £24k and a deficit on the restricted reserve fund of £63k. This deficit is provided for in the accounts of South Staffordshire College who are the sponsors of the Academy. The Governors have agreed a ten year financial plan which aims to bring the Academy into an operating surplus position by 2020/21. The level of restricted funds at the period end including the restricted fixed asset fund and the pension reserve, amounted to £4,538k

Investment Policy

The academy trust will invest any surplus monies on deposit with major UK clearing banks.

The Rural Enterprise Academy Trust

Governors' Report (continued)

Plans for Future Periods

From September 2016, the Academy was able to enrol pupils into year 9 only. The financial plan is based on a realistic expected growth in numbers as the Academy becomes more established, offset by falling demographics across the catchment area.

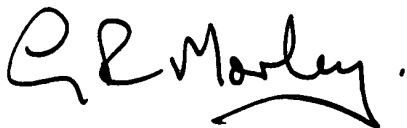
The Board of Governors have approved that Academy should explore the option of joining a Multi Academy Trust in order to enhance the educational offer and progression routes within the local area. Discussions are currently ongoing with a potential partner and the transition is expected to take place during 2017/18.

Auditor

In so far as the governors are aware:

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

The Governors report, incorporating a strategic report, was approved by order of the members of the governing body on 14 December 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'G Morley', with a stylized flourish underneath.

G Morley
Chair

The Rural Enterprise Academy Trust

Governance Statement

Scope of Responsibility

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

The governing body has delegated the day-to-day responsibility to the Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Rural Enterprise Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the governors' Report and in the Statement of governors' responsibilities. The governing body has formally met three times during the year, as did the Performance Committee. The Audit Committee met on two occasions, one scheduled meeting was cancelled as there was insufficient business to conduct.

Overall attendance during the year at meetings of the governing body was 66%. One external Governor and a parent governor were appointed into vacancies in December 2016.

Governance Review

The Performance Committee is a sub-committee of the main board of governors.

The main purpose of the Performance Committee is to consider and advise the Board on any matter relating to Academy policy, including: Quality, Finance, Risk management, Estates and HR.

Overall attendance at meetings in the year was 67%.

The Audit Committee is also a sub-committee of the main board of governors.

Its main purpose is to advise the Board of Governors on the adequacy and effectiveness of the Academy's systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness.

Overall attendance at meetings in the year was 63%.

Review of Value for Money

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

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

- Delivering in house professional development training to staff
- Reviewing suppliers regularly to ensure purchasing offers value for money
- Reviewing staffing vacancies as they arise and only approving a replacement where learner numbers require an appointment.
- Sharing services with South Staffordshire College giving the benefit of economies of scale.

The Rural Enterprise Academy Trust

Governance Statement (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Rural Enterprise Academy for the period 1 September 2016 to 31 August 2017 to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The governing body has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust'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 financial statements. This process is regularly reviewed by the governing body.

The Risk and Control Framework

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

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

The governing body has considered the need for a specific internal audit function and has decided to appoint RSM as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On an annual basis the auditor reports to the governing body, through the audit committee, on the operation of the systems of control and on the discharge of the governing body financial responsibilities.

The work undertaken by Internal Audit during the year was completed in line with the plan approved at the start of the year and both audits undertaken were judged to give "reasonable assurance".

Review of Effectiveness

As accounting officer, the Principal, has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

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

The Rural Enterprise Academy Trust

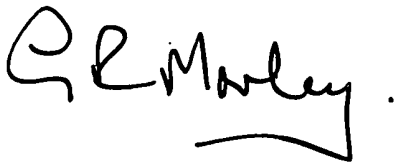
Governance Statement (continued)

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system in place.

Approved by order of the members of the governing body on 14 December 2017 and signed on its behalf by:

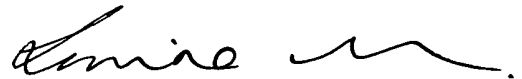
G Morley

Chair



L Makin

Accounting officer



The Rural Enterprise Academy Trust

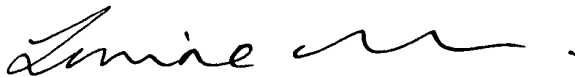
Statement on Regularity, Propriety and Compliance

As accounting officer of The Rural Enterprise Academy I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. Any occurring after the date of this statement will be notified to the governing body and the EFA.

L Makin



Accounting officer

The Rural Enterprise Academy Trust

Statement of Governors' Responsibilities

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

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure for that period. In preparing these financial statements, the governors 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order of the members of the governing body on 14 December 2017 and signed on its behalf by:

G Morley



Chair

The Rural Enterprise Academy Trust

Independent Auditor's Report to the members of The Rural Enterprise Academy

We have audited the financial statements of The Rural Enterprise Academy ("the 'trust'") for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and Charities SORP 2015.

In our opinion, the financial statements:

- 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

The Rural Enterprise Academy Trust

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report including the incorporated strategic report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 12, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. This report is made solely to the 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 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's

website at <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

David Hoose,
Mazars LLP
Park View House
58 The Ropewalk
Nottingham
NG1 5DW
Date:

The Rural Enterprise Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to the Rural Enterprise Academy and the Education Funding Agency

In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Rural Enterprise Academy Trust 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 the Rural Enterprise Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Rural Enterprise Academy and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Rural Enterprise Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of the Rural Enterprise Academy's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2015, 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 EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Planned our assurance procedures including identifying key risks;
- Carried out sample testing on controls;
- Carried out substantive testing including analytical review; and
- Concluded on procedures carried out.

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.

Mazars LLP
Park View House,
58 The Ropewalk,
Nottingham, NG1 5DW

The Rural Enterprise Academy

Statement of Financial Activities for the year ended 31 August 2017 (including Income and Expenditure Account)

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2017	Total 2016
	Note	£000	£000	£000	£000	£000
Income and endowments from:						
Donations and capital grants	3	-	-	103	103	104
Charitable activities:						
Funding for the academy trust's educational operations	4	32	880	-	912	945
Other trading activities		-	-	-	-	-
Total		32	880	103	1,015	1,049
Expenditure on:						
Raising funds		-	-	-	-	-
Charitable activities:						
Academy trust educational operations	5,6	12	1,002	141	1,155	1,144
Other		-	-	-	-	-
Total		12	1,002	141	1,155	1,144
Net income / (expenditure)		20	(122)	(38)	(140)	(95)
Transfers between funds	13	-	-	-	-	-
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	13,22	-	21	-	21	(13)
Net movement in funds		20	(101)	(38)	(119)	(108)
Reconciliation of funds						
Total funds brought forward		4	(6)	4,683	4,681	4,789
Total funds carried forward		24	(107)	4,645	4,562	4,681

The Rural Enterprise Academy

Balance Sheet as at 31 August 2017

Company Number 01234567

	Notes	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Tangible assets	10		4,621		4,682
Current assets					
Debtors	11	42		152	
Cash at bank and in hand		<u>241</u>		<u>462</u>	
		283		614	
Liabilities					
Creditors: Amounts falling due within one year	12	<u>(298)</u>		<u>(572)</u>	
Net current assets			<u>(15)</u>		<u>42</u>
Total assets less current liabilities			4,606		4,724
Creditors: Amounts falling due after more than one year			-		-
Net assets excluding pension liability			<u>4,606</u>		<u>4,724</u>
Defined benefit pension scheme liability	21		(44)		(43)
Total assets			<u>4,562</u>		<u>4,681</u>
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	13	4,645		4,684	
. Restricted income fund	13	(63)		36	
. Pension reserve	13	<u>(44)</u>		<u>(43)</u>	
Total restricted funds			4,538		4,677
Unrestricted income funds	13		<u>24</u>		<u>4</u>
Total funds			<u>4,562</u>		<u>4,681</u>

The financial statements on pages 16-31 were approved by the trustees, and authorised for issue on 14 December 2017 and are signed on their behalf by:

G Morley
Chairman



L Makin
Principal



The Rural Enterprise Academy

Statement of Cash Flows for the year ended 31 August 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	17	(242)	42
Cash flows from investing activities	18	21	1
Cash flows from financing activities		-	-
Change in cash and cash equivalents in the reporting period		(221)	43
Cash and cash equivalents at 1 September 2016		462	419
Cash and cash equivalents at the 31 August 2017	19	241	462

The Rural Enterprise Academy

Notes to the Financial Statements for the period ended 31 August 2017

1 Statement of 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.

Basis of Preparation

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

The Rural Enterprise Academy Trust meets the definition of a public benefit entity under FRS 102.

Going Concern

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

Income

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

• Grants

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the 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 when the Academy is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income in creditors on the balance sheet and released to income as conditions are met.

• Sponsorship Income

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

• Donations

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

• Other Income

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

The Rural Enterprise Academy

Notes to the Financial Statements for the period ended 31 August 2017 (continued)

1 Statement of Accounting Policies (continued)

- **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'.

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 should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

The Rural Enterprise Academy occupies land, refurbished buildings, and new buildings owned by South Staffordshire College. A lease arrangement gives the right to occupy for a period of 30 years at which point ownership will revert back to South Staffordshire College. The assets transferred from the College are recognised at depreciated replacement cost.

Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT

The Rural Enterprise Academy

Notes to the Financial Statements for the period ended 31 August 2017 (continued)

1 Statement of Accounting Policies (continued)

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

• Freehold buildings	50
• Fixtures, fittings and equipment	10
• ICT hardware	3
• Motor Vehicles	7

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.

Liabilities

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

Provisions

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

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

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term. The Academy has entered into a 30 year lease with South Staffordshire College to occupy the land and buildings it uses at a peppercorn rent.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Rural Enterprise Academy

Notes to the Financial Statements for the year ended 31 August 2017

(continued)

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was not subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next.

3 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Capital Grants	-	101	101	104
	-	101	101	104

4 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
DfE / EFA grants				
. General Annual Grant (GAG)	-	821	821	836
. Start Up Grants	-	15	15	63
. Other DfE/EFA grants	-	44	44	32
	-	880	880	931
Other Government grants				
Other income from the academy trust's educational operations	32	-	32	14
	32	880	912	945

5 Expenditure

	Staff Costs £000	Non Pay Expenditure Premises £000	Other £000	Total 2017 £000	Total 2016 £000
Expenditure on raising funds	-	-	-	-	-
Academy's educational operations:					
. Direct costs	753	158	141	1,052	871
. Allocated support costs	78	23	2	103	273
	831	181	143	1,155	1,144

Net income/(expenditure) for the period includes:

	2017 £000	2016 £000
Depreciation	141	167
Fees payable to auditor for:		
- external audit	6	5
- internal audit	3	3

The Rural Enterprise Academy

Notes to the Financial Statements for the period ended 31 August 2017 (continued)

1 Statement of Accounting Policies (continued)

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency and Department for Education.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pensions 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.

The Rural Enterprise Academy

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

6 Charitable Activities

	Total 2017 £000	Total 2016 £000
Direct costs – educational operations	1,052	871
Support costs – educational operations	103	273
	1,155	1,144

Analysis of support costs

	Educational operations £000	Total 2017 £000	Total 2016 £000
Support staff costs	78	78	189
Depreciation	-	-	-
Technology costs	-	-	2
Premises costs	23	23	27
Other support costs	2	2	47
Governance costs	-	-	8
Total support costs	103	103	273

7 Staff

a. Staff costs

Staff costs during the period were:

	Total 2017 £000	Total 2016 £000
Wages and salaries	663	673
Social security costs	52	44
Operating costs of defined benefit pension schemes	116	103
	831	820
Supply staff costs	-	-
Staff restructuring costs	-	-
	831	820

b. Non statutory/non contractual staff severance payments

No non-statutory/non-contractual severance payments were made by the trust during the period.

c. Staff numbers

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

	2017 No.	2016 No.
Teachers	19	24
Administration and support	8	8
Management	2	1
	29	33

The number of employees expressed as full time equivalents was:

2017	2016
17.38	18.72

The Rural Enterprise Academy

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

7 Staff (continued)

d Higher paid staff

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

	2017 No.	2016 No.
£60,001 - £70,001	0	0
£80,001 - £90,000	1	1

e Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £315,000 (2016: £237,000).

8 Related Party Transactions - Trustees' Remuneration and Expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

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

L Makin (principal and trustee):

. Remuneration	£80,000 - £85,000	(2016: £80,000 - £85,000)
. Employer's pension contributions paid	£10,000 - £15,000	(2016: £10,000 - £15,000)

During the period ended 31 August 2016, travel and subsistence expenses totalling £536 were reimbursed to 2 trustees (2016: £298 to 1 trustees).

Other related party transactions involving the trustees are set out in note 22.

9 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 £10,000,000 on any one claim and the cost for the period ended 31 August 2017 was £7,134 (2016: £7,752). The cost of this insurance is included in the total insurance cost.

The Rural Enterprise Academy

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

10 Tangible Fixed Assets

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Total £000
Cost			
At 1 September 2016	4,922	377	5,299
Additions	69	11	80
Disposals	-	-	-
At 31 August 2017	<u>4,991</u>	<u>388</u>	<u>5,379</u>
Depreciation			
At 1 September 2016	384	233	617
Charged in year	106	35	141
Disposals	-	-	-
At 31 August 2017	<u>490</u>	<u>268</u>	<u>758</u>
Net book values			
At 31 August 2016	4,538	144	4,682
At 31 August 2017	<u>4,501</u>	<u>120</u>	<u>4,621</u>

11 Debtors

	2017 £000	2016 £000
Trade debtors	-	-
VAT recoverable	33	38
Amounts due from EFA	-	104
Prepayments and accrued income	9	10
	<u>42</u>	<u>152</u>

12 Creditors: Amounts Falling due within one year

	2017 £000	2016 £000
Trade creditors	41	44
Other taxation and social security	13	13
EFA creditor: abatement of GAG	187	427
Other creditors	22	18
Accruals and deferred income	35	70
	<u>298</u>	<u>572</u>
Deferred income		
	2017 £000	2016 £000
Deferred income at 1 September 2015	7	5
Released from previous years	(7)	(5)
Resources deferred in the year	9	7
Deferred Income at 31 August 2016	<u>9</u>	<u>7</u>

Deferred income at the year end relates to the first instalment of pupil premium funding for 2017-18 received in 2016-17

The Rural Enterprise Academy
Notes to the Financial Statements for the year ended 31 August 2017
(continued)

13 Funds

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2017 £000
Restricted general funds					
General Annual Grant (GAG)	26	821	(911)		(63)
Start Up Grant	4	15	(19)	-	-
Pupil Premium	-	20	(20)	-	-
Other Income	-	2	(2)	-	-
Other grants	6	22	(28)		-
Pension reserve	(43)		(22)	21	(44)
	(7)	880	(1,002)	21	(107)
Restricted fixed asset funds					
Transfer on conversion	-	-	-	-	-
DfE/EFA capital grants	3,744	101	(113)	-	3,732
Capital expenditure from GAG	4		-	-	4
Private sector capital sponsorship	936		(28)	-	908
	4,684	101	(141)	-	4,645
Total restricted funds	4,677	981	(1,143)	21	4,538
Total unrestricted funds	4	32	(12)	-	24
Total funds	4,681	1,013	(1,155)	21	4,562

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

General Annual Grant : this fund must be used for the normal running cost of the Academy

Start up Grant: This fund must be used for the normal running cost of the Academy

Other DfE/EFA Grant: This fund related to the grants received which must be used for the purposes intended

Other Restricted fund: This fund relates to all other restricted funds received which must be used for the purposes intended

Restricted Fixed Asset Fund: This fund relates to resources which must be applied for a specific capital purposes

14 Analysis of Net Assets between Funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	4,621	4,621
Current assets	24	235	24	283
Current liabilities	-	(298)		(298)
Pension scheme liability	-	(44)	-	(44)
Total net assets	24	(107)	4,645	4,562

The Rural Enterprise Academy

Notes to the Financial Statements for the year ended 31 August 2017

(continued)

15 Capital Commitments

As at 31st August 2017 the Academy had no commitments contracted for, but not provided in the financial statements. As at 31 August 2016 commitments of £80,000 were authorised but not contracted for.

16 Commitments under operating leases

As at 31st August 2017 and 31st August 2016, the Academy had no commitments under non-cancellable operating leases.

17 Reconciliation of Net Income/(expenditure) to Net

Cash Flow from Operating Activities	2017	2016
	£000	£000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(140)	(95)
Adjusted for:		
Depreciation charges (note 10)	141	167
Capital grants from DfE and other capital income	(101)	(104)
Defined benefit pension scheme obligation inherited	-	-
Defined benefit pension scheme cost less contributions payable (note 29)	21	8
Defined benefit pension scheme finance cost (note 29)	1	1
(Increase)/decrease in debtors	110	(139)
Increase/(decrease) in creditors	(274)	204
Net cash provided by / (used in) Operating Activities	(242)	42

18 Cash Flows from Investing Activities

	2017	2016
	£000	£000
Purchase of tangible fixed assets	(80)	(103)
Capital grants from DfE/EFA	101	104
Net cash provided by / (used in) investing activities	21	1

19 Analysis cash and cash equivalents

	At 31 August	At 31 August
	2017	2016
	£000	£000
Cash in hand and at bank	241	462
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	241	462

20 Members' Liability

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

The Rural Enterprise Academy

Notes to the Financial Statements for the period ended 31 August 2017

(continued)

21 Pension and Similar Obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £7,700 (2016: £7,600) were payable to the schemes as at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 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
- The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The pension costs paid to TPS in the period amounted to £61k (2016: £76k)

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

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

The Rural Enterprise Academy

Notes to the Financial Statements for the year ended 31 August 2017

(continued)

21 Pension and Similar Obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the year ended 31 August 2017 was £26,000 (2016: £23,000), of which employer's contributions totalled £20,000 (2016: £18,000) and employees' contributions totalled £5,800 (2016: £5,000). The agreed contribution rates for future years are 19.80 per cent for employers.

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.

Principal Actuarial Assumptions	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	2.80%	2.50%
Rate of increase for pensions in payment/inflation	2.40%	2.10%
Discount rate for scheme liabilities	2.50%	2.10%
Inflation assumption (CPI)	2.50%	2.10%
Commutation of pensions to lump sums	50.00%	50.00%

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

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	22.1	22.1
Females	24.4	24.3
<i>Retiring in 20 years</i>		
Males	24.1	24.3
Females	26.4	26.6

The academy's share of the assets in the scheme were:

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equity instruments	96	69
Debt instruments	15	10
Property	10	7
Cash	5	6
Total market value of assets	126	92

The actual return on scheme assets was £8,000 (2016: £13,000).

Amounts recognised in the statement of financial activities

	2017 £000	2016 £000
Current service cost (net of employee contributions)	(41)	(26)
Net interest cost	(1)	(1)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	(42)	(27)

The Rural Enterprise Academy

Notes to the Financial Statements for the year ended 31 August 2017

(continued)

21 Pension and Similar Obligations (continued)

Local Government Pension Scheme (continued)

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

	2017 £'000	2016 £'000
At 1 September	135	77
Current service cost	41	26
Interest cost	3	4
Employee contributions	6	5
Actuarial (gain)/loss	(15)	23
Benefits paid	-	-
At 31 August	170	135

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

	2017 £'000	2016 £'000
At 1 September	92	56
Interest income	2	3
Return on plan assets (excluding net interest on the net defined pension liability)	6	10
Actuarial gain/(loss)		
Employer contributions	20	18
Employee contributions	6	5
At 31 August	126	92

22 Related Party Transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

Six members of the governing body are representatives of South Staffordshire College, which is the lead sponsor of the Rural Enterprise Academy.

During 2016-17 South Staffordshire College recharged the academy £30,000 relating to administration support. The charge includes all relevant direct costs and where appropriate a reasonable proportion of overheads, but does not include any element of profit. Third party costs, such as electricity, paid by the College on behalf of the Academy were recharged at actual cost of £29,870 and teaching costs for vocational delivery were recharged at cost totalling £52,128.

In entering into the transaction the trust has complied with the requirements of EFA's Academies Financial Handbook 2016

23 Events after the end of the reporting period

The Rural Enterprise Academy is exploring the possibility of joining a Multi Academy Trust and if approved is likely to take place within the next reporting period.