

Registered number: 07670723 (England and Wales)

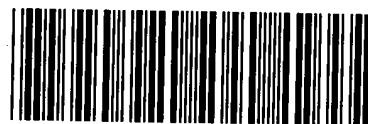
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**ARNOLD ACADEMY**  
(A Company Limited by Guarantee)

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**ARNOLD ACADEMY**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS GOVERNORS AND ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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<b>Members</b>	O Flack Mrs C J Barbour S Kelly M Chalmers-Hunt
<b>Governors</b>	O Flack, Chair <sup>1</sup> Mrs C J Barbour, Community Trustee Mrs M E Sharpe, Parent Trustee S Kelly, Headteacher <sup>1</sup> M Chalmers-Hunt, Vice Chair <sup>1</sup> Mrs C A Hewitt, Staff Trustee Rev A Johnson, Community Trustee <sup>1</sup> P Parmar, Parent Trustee (resigned 27 June 2016) <sup>1</sup> S Oxley, Parent Trustee (appointed 1 September 2015) <sup>1</sup> P M Johnson, Parent Trustee (appointed 14 December 2015) <sup>1</sup> E Prentice, Staff Trustee (appointed 14 December 2015) <sup>1</sup>
	<sup>1</sup> Members of the Resources Committee
<b>Company registered number</b>	07670723
<b>Company name</b>	Arnold Academy
<b>Principal and registered office</b>	Arnold Academy Hexton Road Barton-Le-Clay Bedfordshire MK45 4JZ
<b>Company secretary</b>	Mrs K Wildey
<b>Senior management team</b>	S Kelly, Head Teacher Mrs M L Sides, Deputy Head Teacher Mrs C McManus, Deputy Head Teacher Mrs R Moss, Standards Leaders Mrs R Bradford, Standards Leaders Mrs K Wildey, Business Manager
<b>Independent auditors</b>	Streets Audit LLP Chartered Accountants Statutory Auditors Potton House Wyboston Lakes Great North Road Wyboston Bedfordshire MK44 3BZ

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS GOVERNORS AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**Advisers (continued)**

<b>Bankers</b>	Lloyds TSB Bank Plc Central Milton Keynes Buckinghamshire MK9 3EH
<b>Solicitors</b>	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B3 2ES

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**ARNOLD ACADEMY**  
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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2015 to 31 August 2016. The Annual Report serves the purposes of both a Governors' Report, and a Directors' report under company law.

**Structure, governance and management**

**a. CONSTITUTION**

The Academy is a company limited by guarantee and an exempt charity. The companies Memorandum and Articles of Association are the primary governing documents of the Academy.

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

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

Members of the Academy Trust are appointed by the Secretary of State or from within the Governors to include the Chair of the Governors, the Vice Chair, the Principal, the Chair of the Resources/Finance Committee and the Chair of the Teaching and Learning Committee.

**b. 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.

**c. GOVERNORS' INDEMNITIES**

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim.

**d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS**

A Governor's term of Office shall be 4 years, but this time limit will not apply to the Principal, however any Governor may be re-appointed or re-elected.

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**ARNOLD ACADEMY**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS**

During the year under review the Governors held three Full Governing Body meetings. In addition the Resources Committee met on three occasions and the Teaching and Learning Committee on three occasions. Additional meetings were held by the Headteacher's performance management committee; chairs committee and there was an informal meeting between governors; the SLT and school council.

There were new Governing Body appointments for year ending August 2016, including one new Parent Governor and a new non-teaching Staff Governor. All governors are provided with copies of the policies, procedures, minutes, accounts, budgets, plans and other documents they need to undertake their role as governors. Although there are normally only one or two new Governors a year a formal induction pack has been developed which is tailored to the specific roles to be undertaken and all new Governors are required to attend a Governors Training course run by the Local Education Authority or such other provider the service to which the Academy subscribes. The Governing Body also introduced an informal business meeting at the beginning of the academic year (September 2015) in order to agree roles/responsibilities and to set out the formal meeting dates for the forthcoming year.

**f. ORGANISATIONAL STRUCTURE**

The management structure of the Academy is now been fully embedded within the school. The creation of the two 'standards leader' roles to the management team has enabled the Deputy Heads to concentrate more time on their specific roles and providing back up and a degree of succession planning. The standards leaders are responsible for "Teaching, Learning and Enrichment" and "Behaviour, Attendance and Community" respectively. The overall structure remains the same, consisting of three levels: The Members of the Academy, The Governors and the Senior Leadership Team. The aim of the structure is to devolve responsibility and encourage involvement in decision making at all levels and avoid undue bureaucracy or replication of works and roles.

The Members have delegated their powers to the Governors who are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Senior Leadership Team at Arnold consists of the Principal, two deputy heads, two standards leaders & Business Manager. Some spending control is devolved to department heads and to the office manager but the senior managers can authorise expenditure within agreed limits and budgets but capital or other significant expenditure requires authorisation by the Resources committee of the Governors subject to the Academy's best value policy.

The Senior Leadership Team is responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

**g. PAY POLICY FOR KEY MANAGEMENT PERSONNEL**

The pay scales for key management personnel are set in accordance with the school group size defined as per DfE guidelines. The Headteacher's performance is reviewed with the support of an independent external consultant who advises the Headteacher's performance management committee, which reports to the FGB. The performance of the rest of the senior leadership team is reviewed by the headteacher, who reports findings and makes recommendations to the full governing body.

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**ARNOLD ACADEMY**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**h. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

Arnold Academy is a member of the Harlington Area Schools Trust (HAST), which consists of 13 local schools operating within one 'pyramid' feeding Harlington Upper School. The arrangement is voluntary and is not, at the present time, a federation or multi-academy trust.

HAST's declared vision is "to provide an exciting and innovative collaborative approach to teaching, learning and governance, in order to ensure that every child in the HAST family receives an excellent well-rounded education from age 3 to 19".

There are no other subsidiary companies or connected organisations.

**Objectives and Activities**

**a. OBJECTS AND AIMS**

The principal objective and activity of the Academy Trust is the operation of Arnold Academy to provide education for pupils of different abilities between the ages of 9 and 13 and to advance for the public benefit education in the United Kingdom.

The main objectives for the Academy for the year ended 31 August 2016 are summarised below.

**b. STRATEGIES AND ACTIVITIES**

The Academy's main strategy is encompassed in its mission statement which is "the best we can be in all that we do." To this end the activities include:

- delivering an outstanding educational experience for all pupils through excellent teaching, inventive curricular experiences and modern facilities.
- identifying and overcoming barriers to learning through early intervention enabling every child to achieve their potential.
- engaging parents, carers and support networks in effective communication to enhance the holistic approach to learning.
- establishing sustainable cross phase partnerships that enable schools to pool resources and raise overall standards.
- Celebrating with the wider community all the achievements of Arnold Academy.

**c. PUBLIC BENEFIT**

The Governors confirm that they have complied with their duty to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy has a strategy to support the local community by offering its premises and facilities to community groups for their use where possible and economic to do so.

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**ARNOLD ACADEMY**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**d. EQUAL OPPORTUNITIES POLICY**

The governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

**e. EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED**

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the Academy. It is a policy of the Academy to support recruitment and retention of the students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

**Strategic report**

**Achievements and performance**

**a. KEY PERFORMANCE INDICATORS**

The fifth year as an Academy has been the most successful yet. Structures and practice are effectively embedded and continue to achieve positive outcomes in learning. Pupil progress over the four years at Arnold remains strong for all groups of pupils. The most recent Key Stage 2 SAT results were amongst the highest in the local authority and significantly above national and local averages. The new intake number at year five has again been strong and there has been a steady increase in the number of pupils throughout the year as new pupils have been attracted following successful results across the year groups. As of 31 August 2016 there are 582 on roll. The academy will be at capacity at the beginning of the 2016/17 school year and there is a waiting list in three of the four year groups. Pupil attendance remains above national average.

Rigorous processes have been fully embedded into performance management procedures for all staff. Additionally, the new curriculum and assessment procedures have been fully adopted and embraced. Year 5 pupils continue to be benchmarked at the start of the academic year so that their progress can be tracked more accurately throughout their time at Arnold.

The Academy continues to ensure that raising standards and improving enrichment remain high on the agenda. In particular, the transition into and out of the school is well managed, ensuring pupils are happy and that their academic and personal development is not adversely effected. In all these respects new targets and increased rigour of teaching and assessment ensure that standards and achievements continue to improve.

**b. GOING CONCERN**

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



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**ARNOLD ACADEMY**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Financial review**

**a. FINANCIAL REVIEW**

Most of the Academy's income is obtained from the EFA, the use of which is restricted to particular purposes. Any grants or other sources of income are shown in the statement of financial activities.

During the year, income from EFA and other restricted funds totalled £2,781,713. Recurrent expenditure from restricted funds totalled £2,779,731, of which £44,000 related to the Academy's Local Government Pension Scheme. The Academy has, therefore, increased its accumulated GAG funds by £45,982, and this surplus has is expected to be used to fund future growth in pupil numbers. The overall deficit on restricted funds, after accounting for actuarial losses on the Local Government Pension Scheme, amounted to £312,018.

The academy also received £11,872 in Devolved Formula Capital income which was used to fund the purchase of a new boiler during the year. The balance of £3,283 which remained unspent at 31 August 2016 has been added to the £2,278 reserves brought forward. Depreciation on the Academy's tangible fixed assets amounted to £224,015, resulting in a reported deficit on restricted fixed asset funds of £220,732.

At 31 August 2016, the net book value of fixed assets was £5,427,423. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Academy monitors all areas of expenditure, being aware that there are constant pressures on the Academy's grant funding. In particular, natural staff turnover and retirements have enabled us to continue to review staffing levels, re-structuring existing staff to back fill key roles and where possible, recruiting strategically to reduce costs. The Governors are aware that payroll costs are a high percentage of income received, partly due to nationally agreed annual pay rises and increased pension contributions. Although these elements are beyond the Academy's control, a working party was set up to specifically review staffing and wage levels, focusing on potential efficiencies and cost saving measures.

**b. RESERVES POLICY**

The Governors review the reserve levels of the Academy termly. This review examines the income and expenditure streams against the forecasts to match commitments etc., and to identify or forecast any potential shortfall. As a minimum, a reserve to provide sufficient working capital to cover delays between spending and receipt of income from the applicable streams and to provide a cushion for unexpected expenditure and emergencies is retained. The Academy will continue to keep reserves at this level subject to constant and on-going review.

The academy held fund balances at 31 August 2016, excluding pension deficit, of £5,790,208 comprising Restricted Fixed Asset Funds of £5,427,423, Restricted Funds of £135,962 and Unrestricted Funds of £221,262.

**c. INVESTMENT POLICY**

The academy does not, at present, receive any cash donations from sponsorships and has not undertaken any investments. The academy does not, therefore, have an investment policy.

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**ARNOLD ACADEMY**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**d. PRINCIPAL RISKS AND UNCERTAINTIES**

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Trustees have implemented a number of systems to assess the risks that the school faces, especially in the operational areas (i.e. in relation to teaching, health and safety and school trips) and in relation to the control of finance. We continue to review operational procedures (e.g. vetting of new staff visitors, Governors, supervision of the grounds and buildings) and internal financial controls (as per below) in order to minimise risk. Where required adequate insurance cover has been arranged the Academy has a robust and effective system of internal financial controls and this is explained in more detail in the following statement.

The direction of government education policy is a significant risk to the school, particularly in relation to the formation or expansion of grammar school provision. Levels of school funding remain a significant threat, with the academy having to make year-on-year real terms cuts to expenditure in all areas. On a local level, whilst the HAST pyramid remains strong, the future of the three tier system within Central Bedfordshire remains uncertain. However, a projected increase in pupil numbers and a potential significant investment in the fabric of the academy means that the school would be able to adapt to any potential changes of school structure.

**Plans for future periods**

**a. FUTURE DEVELOPMENTS**

The Academy will reach its maximum number of pupils on roll during the new school academic year (2016-2017). This will provide a more stable environment upon which it can manage and forecast expenditure; create improved opportunities for expenditure on agreed priorities, as set out in the academy development plan, safe in the knowledge that funding is available.

The local authority has approached the academy with a view to expanding the provision to become a 720 place middle school. The first tranche of new pupils could join the academy in year 5 in September 2017. Whilst planning is still at an early stage, the Trustees and governors have received assurances from the LA that the expansion will go ahead and be fully funded to include significant investment in new teaching spaces and facilities.

Discussions are ongoing within the HAST group of schools as to their response to the government's white paper 'Education Excellence Everywhere', which advocates all schools becoming academies and forming multi-academy trusts. It is anticipated that strategic decisions in this regard will be made during the 2016-17 academic year.

In respect of teaching and learning the academy continues to look for opportunities to improve its level of performance of its pupils at all levels and to develop and support the school ethos and values learning. The Academy will remain open to alternative routes of income generation which would aid the Academy in achieving its aims and mission statement.

The Academy continually updates its development plan to react to changes on all levels to benefit its students and wider community.

**FUNDS HELD AS CUSTODIAN**

The academy and its Governors do not act as the custodian trustees of any other charity.

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**ARNOLD ACADEMY**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Governors at the time when this Governors' Report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

This report, incorporating a strategic report, was approved by order of the Board of Governors as the company directors, on 21 November 2016 and signed on its behalf by:



**O Flack, Chair**



**S Kelly, Headteacher**

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**ARNOLD ACADEMY**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

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

The Board of Governors has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Arnold Academy and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Board of Governors has formally met 3 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
O Flack, Chair	3	3
Mrs C J Barbour, Community Trustee	2	3
Mrs M E Sharpe, Parent Trustee	1	3
S Kelly, Headteacher	3	3
M Chalmers-Hunt, Vice Chair	2	3
Mrs C A Hewitt, Staff Trustee	3	3
Rev A Johnson, Community Trustee	1	3
P Parmar, Parent Trustee	0	3
S Oxley, Parent Trustee	3	3
P M Johnson, Parent Trustee	2	3
E Prentice, Staff Trustee	2	3

Mrs K Wildey (Business Manager) also attends meetings of the Board of Governors..

The Resources Committee is a sub-committee of the main Board of Governors. Its purpose is to monitor, evaluate and review policy and performance in relation to financial management, comply with reporting and regulatory requirements, receive reports from the Responsible Officer and auditors and draft the annual budget.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
O Flack, Chair	2	3
S Kelly, Headteacher	3	3
M Chalmers-Hunt, Vice Chair	2	3
Rev A Johnson, Community Trustee	3	3
P Parmar, Parent Trustee	0	3
S Oxley, Parent Trustee	3	3
P M Johnson, Parent Trustee	2	3
E Prentice, Staff Trustee	2	3

Mrs K Wildey (Business Manager) and D Childs (Site Agent) also attend meetings of the Resources Committee.

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**ARNOLD ACADEMY**  
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**GOVERNANCE STATEMENT (continued)**

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Governance reviews:

During the year, the Board of Governors started to review their roles and responsibilities, in line with the new OFSTED framework. Self evaluation forms were distributed to all Governors and to assess their areas of interest and expertise. Governors agreed that they would attend some of the weekly staff meetings to increase Governor involvement in the running of the school.

**REVIEW OF VALUE FOR MONEY**

As Accounting Officer, the Headteacher 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 Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Governors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

Improving educational outcomes remains a key priority for Arnold Academy. We are committed to each pupil achieving their potential through academic achievement; additional curricular activities and an extensive variety of enrichment opportunities, contributing to the development of the whole person and help them prepare for transition to the upper school.

**Targeted Improvement:** Arnold Academy continues to use robust tracking methodology for monitoring achievement and is continually reviewing how data can inform staff, enabling them to support and extend pupils learning. Using skilled staff we have a number of intervention techniques that allow us to focus on pupil's learning needs; encouraging innovation and creativity to meet those needs.

**Focus on individual pupils:** Arnold Academy offers a comprehensive support system and a specialist learning provision. Where appropriate, pupils benefit from one-to-one mentoring; small group working and assistance for external specialist agency resource. The Academy rewards excellence and promotes positive behaviour. Achievement is celebrated and all pupils are encouraged to stretch their abilities by trying new activities, developing confidence and leaderships skills.

**Collaboration:** As a member of HAST (Harlington Area Schools' Trust) the Academy works closely with its partner lower schools, middle school and the upper school. Regular meetings of staff at all levels ensure the sharing of good practise and the seamless transition for pupils between schools.

**Quantifying Improvements:** All pupils are mapped and tracked via our comprehensive data management system. Results are readily identifiable so that improvement or intervention measures can be quickly deployed.

**Financial governance and oversight:** The resources committee and full governing body (FGB) receive regular (termly) written financial reports based upon the monthly reported income and expenditure. The FGB approves the school budget that has been previously discussed and approved by the resources committee. It is well understood the need to balance expenditure against income, ensuring the Academy Trust remains a going concern. The FGB receives and approves the school's annual accounts and external Auditors Report. The academy has a responsible officer who visits the school termly; tests the financial data and provides a written report to the FGB, which is minuted at the resources committee. The academy has an appropriate 'delegation of authority' in place, ensuring the expenditure is transparent.

**Better Purchasing:** All contracts and services are routinely reviewed in line with best practise and re-negotiated when appropriate to maintain best value. The Academy obtains three quotes on large expenditure and where this is not achievable, the reasons documented. Arnold Academy continues to be a member of a purchasing consortium, thus maximising leverage on group purchasing. All staff continually look for competitive pricing and use various procurement tools and economies of scale etc. As part of HAST, we routinely benchmark our financial performance against other schools in order to evidence 'good value for money' principles.

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**ARNOLD ACADEMY**  
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**GOVERNANCE STATEMENT (continued)**

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**Better Income Generation:** Arnold Academy continues to explore all revenue stream opportunities, through the effective hire of its premises and resources to local clubs and sport teams. In addition the school is regularly hired by both educational and non-educational organisations.

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**ARNOLD ACADEMY**  
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**GOVERNANCE STATEMENT (continued)**

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**Reviewing Controls and Managing Risks:** Produced monthly, financial monitoring reports are regularly reviewed by both the Business Manager and Headteacher. In addition, they are presented termly to the FGB. Any significant variances are reported to the FGB and Governors and where appropriate, remedial action taken. The school's finance department maintains a cash-flow spreadsheet, ensuring timely expenditure, when compared against monthly income received from the EFA. The Academy does not have large 'cash at bank' balances that require an investment strategy.

**Lesson Learned:** The Academy is in its fifth year of operation and is increasingly aware of its options in terms of autonomy and increased flexibility. Improved results and outcomes for pupils have resulted in increased popularity and 'year on year' growth in pupil numbers. Whilst welcome, it has brought its own set of challenges in managing 'funding lag'. It has however been able to maintain continuity of services and reduce the impact of the conversion.

#### **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 ongoing 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 Arnold Academy for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

#### **CAPACITY TO HANDLE RISK**

The Board of Governors 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 Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

#### **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 Board of Governors;
- regular reviews by the 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;
- identification and management of risks.

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Mrs S Baker, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the RO reports to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

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**GOVERNANCE STATEMENT (continued)**

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In particular the checks carried out in the current period included:

- Procurement: Testing purchasing, invoices, payments and authorisation limits.
- Payroll: Checking appointments, change of circumstances and payments.
- Accounts: Bank reconciliations.
- Income: Testing invoicing, receipts, banking and debt write off.
- Month End: Viewing month end reconciliations.
- Governance: Viewing budget reports to Governors for Resources Committee meetings.
- Process: Comment upon compliance with EFA guidelines, completion of internal checks and segregation of duties.

**REVIEW OF EFFECTIVENESS**

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

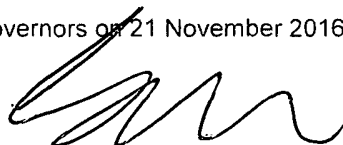
- the work of the Responsible Officer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Governors on 21 November 2016 and signed on their behalf,  
by:



**O Flack**  
**Chair of Governors**



**S Kelly**  
**Accounting Officer**



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**ARNOLD ACADEMY**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Arnold Academy I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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 EFA.



**S Kelly**  
**Accounting Officer**

Date: 21 November 2016

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**ARNOLD ACADEMY**  
**(A Company Limited by Guarantee)**

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**STATEMENT OF GOVERNORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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The Governors (who act as trustees of Arnold Academy for the purposes of charity law 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 Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare 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 of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 Board of Governors on 21 November 2016 and signed on its behalf by:



**O Flack**  
**Chair of Governors**

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**ARNOLD ACADEMY**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
ARNOLD ACADEMY**

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We have audited the financial statements of Arnold Academy for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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 Auditors' 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 opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS**

As explained more fully in the Statement of Governors' Responsibilities, the Governors (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements 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 FINANCIAL STATEMENTS**

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 2016 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
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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**ARNOLD ACADEMY**  
(A Company Limited by Guarantee)

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
ARNOLD ACADEMY**

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**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

However only partial disclosure has been made in respect of Governors' remuneration (note 11).



Richard Ward (Senior Statutory Auditor)  
for and on behalf of

**Streets Audit LLP**  
Chartered Accountants

Statutory Auditors

Potton House

Wyboston Lakes

Great North Road

Wyboston

Bedfordshire

MK44 3BZ

Date: 7 December 2016.

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**ARNOLD ACADEMY**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO ARNOLD  
ACADEMY AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 20 October 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Arnold Academy during the year 1 September 2015 to 31 August 2016 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 Arnold Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Arnold 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 Arnold Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF ARNOLD ACADEMY'S ACCOUNTING OFFICER AND THE  
REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of Arnold Academy's funding agreement with the Secretary of State for Education dated 8 July 2011, 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 2015 to 2016. 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 year 1 September 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO ARNOLD  
ACADEMY AND THE EDUCATION FUNDING AGENCY (continued)**

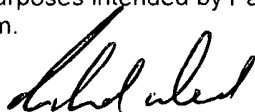
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The work undertaken to draw our conclusions included:

- Review of the Academy's systems and controls to ensure effective design;
- Confirmation of satisfactory operation of controls during the year, including authorisation of invoices, payments and salary adjustments;
- Review of a sample of expenses focussing on those nominal codes considered to include transactions of a greater risk;
- Review of the reports from internal scrutiny work undertaken during the year;
- Discussions with the Finance Team.

**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 year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Richard Ward (Senior Statutory Auditor)  
for and on behalf of  
**Streets Audit LLP**  
Chartered Accountants  
Statutory Auditors  
Potton House  
Wyboston Lakes  
Great North Road  
Wyboston  
Bedfordshire  
MK44 3BZ

Date: 7 December 2016.

**ARNOLD ACADEMY**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2016**

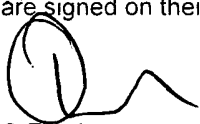
	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	93,586	5,254	-	98,840	111,080
Charitable activities	3	-	2,776,459	11,872	2,788,331	2,731,084
Other trading activities	4	10,010	-	-	10,010	12,183
Investments	5	2,445	-	-	2,445	1,997
<b>TOTAL INCOME</b>		<b>106,041</b>	<b>2,781,713</b>	<b>11,872</b>	<b>2,899,626</b>	<b>2,856,344</b>
<b>EXPENDITURE ON:</b>						
Raising funds		91,324	-	-	91,324	95,399
Charitable activities		-	2,779,731	232,604	3,012,335	2,922,557
<b>TOTAL EXPENDITURE</b>	6, 7	<b>91,324</b>	<b>2,779,731</b>	<b>232,604</b>	<b>3,103,659</b>	<b>3,017,956</b>
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		14,717	1,982	(220,732)	(204,033)	(161,612)
Actuarial gains/(losses) on defined benefit pension schemes	20	-	(314,000)	-	(314,000)	9,000
<b>NET MOVEMENT IN FUNDS</b>		<b>14,717</b>	<b>(312,018)</b>	<b>(220,732)</b>	<b>(518,033)</b>	<b>(152,612)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		206,545	(297,020)	5,653,716	5,563,241	5,715,853
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>221,262</b>	<b>(609,038)</b>	<b>5,432,984</b>	<b>5,045,208</b>	<b>5,563,241</b>

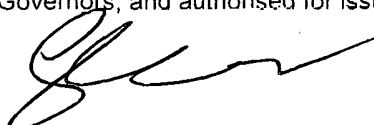
**ARNOLD ACADEMY**  
(A Company Limited by Guarantee)  
REGISTERED NUMBER: 07670723

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Tangible assets	13		5,427,423		5,651,438
<b>CURRENT ASSETS</b>					
Debtors	14	45,829		61,129	
Cash at bank and in hand		357,703		290,684	
		<u>403,532</u>		<u>351,813</u>	
<b>CREDITORS:</b> amounts falling due within one year	15	(40,747)		(53,010)	
<b>NET CURRENT ASSETS</b>			<u>362,785</u>		<u>298,803</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>5,790,208</u>		<u>5,950,241</u>
Defined benefit pension scheme liability	20		(745,000)		(387,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>5,045,208</u></u>		<u><u>5,563,241</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	16	135,962		89,980	
Restricted fixed asset funds	16	5,432,984		5,653,716	
Restricted income funds excluding pension liability		<u>5,568,946</u>		<u>5,743,696</u>	
Pension reserve		(745,000)		(387,000)	
Total restricted income funds			<u>4,823,946</u>		<u>5,356,696</u>
Unrestricted income funds	16		<u>221,262</u>		<u>206,545</u>
<b>TOTAL FUNDS</b>			<u><u>5,045,208</u></u>		<u><u>5,563,241</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 21 November 2016 and are signed on their behalf, by:

  
O Flack  
Chair of Governors

  
S Kelly  
Headteacher

The notes on pages 24 to 43 form part of these financial statements.



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**ARNOLD ACADEMY**  
**(A Company Limited by Guarantee)**

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	18	<u>54,564</u>	<u>41,664</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		<u>12,455</u>	<u>14,180</u>
<b>Net cash provided by investing activities</b>		<u>12,455</u>	<u>14,180</u>
<b>Change in cash and cash equivalents in the year</b>		<b>67,019</b>	<b>55,844</b>
Cash and cash equivalents brought forward		<u>290,684</u>	<u>234,840</u>
<b>Cash and cash equivalents carried forward</b>		<u><u>357,703</u></u>	<u><u>290,684</u></u>

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**ARNOLD ACADEMY**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**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 of financial statements**

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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Arnold Academy constitutes a public benefit entity as defined by FRS 102.

**1.2 Going concern**

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the 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.

**1.3 Income**

All income is recognised once the Academy Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

General Annual Grant is recognised in full in the Statement of Financial Activities Incorporating Income and Expenditure Account 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 there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

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**ARNOLD ACADEMY**  
(A Company Limited by Guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**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 allocated on the portion of the asset's use.

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

Charitable activities and Governance costs 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.

**1.5 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised.

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 Incorporating Income and Expenditure Account 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 Incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

The premises at Arnold Academy are owned by the Academy Trust. At 31 August 2012 the EFA valued the freehold buildings at £5,342,043 and the land at £871,769. The buildings are being depreciated over the remaining useful life of 25.78 years. The land will not be depreciated.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	over the remaining useful life of 25.78 years
Motor vehicles	-	20% per annum straight line
Fixtures, fittings and equipment	-	15% or 20% per annum straight line

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**ARNOLD ACADEMY**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 Operating leases**

Rentals under operating leases are charged to the Statement of Financial Activities Incorporating Income and Expenditure Account on a straight line basis over the lease term.

**1.7 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the Bank.

**1.8 Taxation**

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

**1.9 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.10 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.11 Liabilities and provisions**

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 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.

**1.12 Financial instruments**

The Academy Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

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**ARNOLD ACADEMY**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.13 Pensions**

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 20, 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 Incorporating Income and Expenditure Account 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.

**1.14 Fund accounting**

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

Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Education Funding Agency.

**ARNOLD ACADEMY**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

**1.15 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 20, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	-	5,254	-	5,254	5,813
School funds income	93,586	-	-	93,586	105,267
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total donations and capital grants	<u>93,586</u>	<u>5,254</u>	<u>-</u>	<u>98,840</u>	<u>111,080</u>

In 2015, of the total income from donations and capital grants £111,080 was to unrestricted funds and £nil was to restricted funds

**ARNOLD ACADEMY**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
General Annual Grant	-	2,445,360	2,445,360	2,387,977
Other DfE/EFA grants	-	151,053	151,053	154,166
	-	2,596,413	2,596,413	2,542,143
<b>Other government grants</b>				
Local authority grants	-	98,204	98,204	89,390
	-	98,204	98,204	89,390
<b>Other funding</b>				
Catering	-	89,905	89,905	96,683
Study books	-	2,989	2,989	2,868
Consultancy and other income	-	820	820	-
	-	93,714	93,714	99,551
	-	2,788,331	2,788,331	2,731,084

In 2015, of the total income from charitable activities, £nil was to unrestricted funds and £2,731,084 was to restricted funds.

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Hire of Facilities	10,010	-	10,010	12,183

In 2015, of the total income from other trading activities, £12,183 was to unrestricted funds and £nil was to restricted funds.

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**5. INVESTMENT INCOME**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest received	2,445	-	2,445	1,997

In 2015, of the total investment income, £1,997 was to unrestricted funds and £nil was to restricted funds.

**6. EXPENDITURE**

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising voluntary income	-	-	91,324	91,324	95,399
Educational operation:					
Direct costs	2,088,630	-	38,643	2,127,273	2,030,520
Support costs	331,657	84,399	469,006	885,062	882,037
	<u>2,420,287</u>	<u>84,399</u>	<u>598,973</u>	<u>3,103,659</u>	<u>3,007,956</u>

In 2016, of the total expenditure, £91,234 (2015 £95,399) was to unrestricted funds and £3,012,335 (2015 £2,912,557) was to restricted funds.



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**7. CHARITABLE ACTIVITIES**

	2016 £	2015 £
<b>DIRECT COSTS</b>		
Wages and salaries	1,683,369	1,599,194
National insurance	105,467	112,036
Pension cost	277,190	234,334
Educational supplies	38,643	47,375
Agency staff costs	22,604	37,581
	<u>2,127,273</u>	<u>2,030,520</u>
<b>SUPPORT COSTS</b>		
Wages and salaries	256,999	261,614
National insurance	7,493	7,849
Pension costs	67,165	59,439
Depreciation	224,015	224,016
Net interest cost on pension scheme	15,000	13,000
Staff development	8,398	3,725
Technology	77,903	107,159
Recruitment and support	16,438	32,509
Maintenance of property and equipment	31,035	4,107
ACMF - site safety improvements	-	4,520
Rent and rates	25,951	21,559
Energy costs	27,413	25,450
Insurance	25,676	25,376
Security and transport	9,616	5,539
Catering	46,651	45,688
Other costs	32,252	38,679
Governance - Auditors' remuneration	7,000	6,500
Governance - Auditors' non-audit fees	2,860	2,620
Governance - legal and professional fees	3,197	2,688
	<u>885,062</u>	<u>892,037</u>
	<u><u>3,012,335</u></u>	<u><u>2,922,557</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	224,015	224,016
Auditors' remuneration - audit	7,000	6,500
Auditors' remuneration - other services	2,860	2,620
Governance Internal audit costs	407	407
Operating lease rentals	5,927	7,498
	<u>          </u>	<u>          </u>

**ARNOLD ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**9. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	1,940,368	1,860,808
Social security costs	112,960	119,885
Operating costs of defined benefit pension schemes	344,355	293,773
	<u>2,397,683</u>	<u>2,274,466</u>
Supply teacher costs	22,604	37,581
	<u>2,420,287</u>	<u>2,312,047</u>

**b. Staff numbers**

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

	2016 No.	2015 No.
Management	6	6
Teaching staff	30	34
Support Staff	57	58
	<u>93</u>	<u>98</u>

Average headcount expressed as a full time equivalent:

	2016 No.	2015 No.
Management	6	6
Teaching staff	31	28
Support staff	35	31
	<u>72</u>	<u>65</u>

**c. Higher paid staff**

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

	2016 No.	2015 No.
In the band £70,001 - £80,000	1	1

The above employee participated in the Teachers' Pension Scheme.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**d. Key management personnel**

The key management personnel of the academy trust 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 key management personnel for their services to the academy trust was £327,412 (2015 - £313,616).

**10. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £718 (2015 - £718).

**11. GOVERNORS' REMUNERATION AND EXPENSES**

During the year retirement benefits were accruing to 3 staff Governors (2015 - 3) in respect of defined benefit pension schemes, for their employment at the school.

There are 3 governors who are also staff members who were paid a total of £128,014 (2015 £122,816) and employer pension contributions totalled £21,074 (2015 £18,373). This remuneration was in respect of their employment as members of the academy staff and not in respect of their services as governors.

During the year, no Governors received any benefits in kind or reimbursed expenses (2015 - £nil).

**12. OTHER FINANCE INCOME**

	2016 £	2015 £
Interest income on pension scheme assets	28,000	23,000
Interest on pension scheme liabilities	(43,000)	(36,000)
	<u>(15,000)</u>	<u>(13,000)</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**13. TANGIBLE FIXED ASSETS**

	Freehold property £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>				
At 1 September 2015 and 31 August 2016	6,213,812	15,000	91,991	6,320,803
<b>Depreciation</b>				
At 1 September 2015	621,648	9,000	38,717	669,365
Charge for the year	207,218	3,000	13,797	224,015
At 31 August 2016	828,866	12,000	52,514	893,380
<b>Net book value</b>				
At 31 August 2016	5,384,946	3,000	39,477	5,427,423
At 31 August 2015	5,592,164	6,000	53,274	5,651,438

Included in land and buildings is freehold land at cost of £871,769 (2015 - £871,769), which is not depreciated.

**14. DEBTORS**

	2016 £	2015 £
Trade debtors	690	1,635
VAT recoverable	10,239	10,953
Prepayments and accrued income	34,900	48,541
	<u>45,829</u>	<u>61,129</u>

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**15. CREDITORS: Amounts falling due within one year**

	2016 £	2015 £
Accruals and deferred income	<u>40,747</u>	<u>53,010</u>
<b>Deferred income</b>		
Deferred income at 1 September 2015	24,891	20,373
Resources deferred during the year	20,373	24,891
Amounts released from previous years	<u>(24,891)</u>	<u>(20,373)</u>
Deferred income at 31 August 2016	<u>20,373</u>	<u>24,891</u>

Deferred income comprises Devolved Formula Capital of £7,225, rates income of £7,943 received in advance for the period ended 31 March 2017 and receipts in advance of school trips totalling £5,205.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**16. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Gains/ (Losses) £	Carried Forward £
<b>Designated funds</b>					
School funds	67,172	93,586	(91,324)	-	69,434
<b>General funds</b>					
General Fund	139,373	12,455	-	-	151,828
Total Unrestricted funds	206,545	106,041	(91,324)	-	221,262
<b>Restricted funds</b>					
General Annual Grant (GAG)	89,980	2,445,360	(2,399,378)	-	135,962
Other DfE/EFA grants	-	139,181	(139,181)	-	-
Local authority grants	-	98,204	(98,204)	-	-
Catering	-	89,905	(89,905)	-	-
Donations and other income	-	9,063	(9,063)	-	-
Pension reserve	(387,000)	-	(44,000)	(314,000)	(745,000)
	(297,020)	2,781,713	(2,779,731)	(314,000)	(609,038)
<b>Restricted fixed asset funds</b>					
Fixed Asset Reserve	5,651,438	-	(224,015)	-	5,427,423
DfE/EFA Capital Grants	2,278	11,872	(8,589)	-	5,561
	5,653,716	11,872	(232,604)	-	5,432,984
Total restricted funds	5,356,696	2,793,585	(3,012,335)	(314,000)	4,823,946
Total of funds	5,563,241	2,899,626	(3,103,659)	(314,000)	5,045,208

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

**Designated Funds**

**School Fund:**

The Academy maintains a separate school fund which includes income and expenditure relating to school trips and other fundraising activities.

**General Funds**

The Academy's general fund represents income and expenditure relating to activities undertaken by the Academy as part of its charitable activities. The Academy can use these funds for any purpose.

**ARNOLD ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**16. STATEMENT OF FUNDS (continued)**

**Restricted Funds**

The Academy received a number of grants during the year for the purpose of providing educational services to its pupils. These funds included grants from the EFA for the General Annual Grant (GAG) and Pupil Premium. These grants have been used for staff costs, educational resources and general costs incurred in the running of the Academy.

Pension Reserve - As stated in note 20 the Academy is a participating employer in two defined benefit pension schemes. The liabilities relating to Arnold Academy can only be determined for one of these schemes. A separate reserve has been included to show the impact of the changes in valuation of this pension scheme.

**Restricted Fixed Asset Funds**

Assets which are capitalised in the accounts are represented by a separate fund within the Restricted Fixed Assets reserves.

The Academy continued to receive income from Devolved Formula Capital grant which was used towards the costs of the replacement boiler in the year. Unused grant funding has been carried forward to future accounting periods.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	5,427,423	5,427,423	5,651,438
Current assets	221,262	176,709	5,561	403,532	351,813
Creditors due within one year	-	(40,747)	-	(40,747)	(53,010)
Provisions for liabilities and charges	-	(745,000)	-	(745,000)	(387,000)
	<u>221,262</u>	<u>(609,038)</u>	<u>5,432,984</u>	<u>5,045,208</u>	<u>5,563,241</u>



**ARNOLD ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW  
FROM OPERATING ACTIVITIES**

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(204,033)	(161,612)
<b>Adjustment for:</b>		
Depreciation charges	224,015	224,016
Dividends, interest and rents from investments	(12,455)	(14,180)
Decrease in debtors	15,300	34,252
Decrease in creditors	(12,263)	(80,812)
Defined benefit pension scheme cost less contributions payable	29,000	27,000
Defined benefit pension scheme finance cost	15,000	13,000
<b>Net cash provided by operating activities</b>	<b>54,564</b>	<b>41,664</b>

**19. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash in hand	357,703	290,684
<b>Total</b>	<b>357,703</b>	<b>290,684</b>

**20. PENSION COMMITMENTS**

The Academy Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Bedford Borough 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.

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

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**20. PENSION COMMITMENTS (continued)**

**Valuation of the Teachers' Pension Scheme**

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- 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%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £216,599 (2015 - £183,317).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

Under the definitions set out in 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.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £125,000, of which employer's contributions totalled £97,000 (2015 - £83,000) and employees' contributions totalled £28,000 (2015 - £23,000). The agreed contribution rates for future years are 20.2% for employers and varying rate 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**20. PENSION COMMITMENTS (continued)**

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Expected return on scheme assets at 31 August	- %	3.80 %
Rate of increase in salaries	3.10 %	3.60 %
Rate of increase for pensions in payment / inflation	2.10 %	2.70 %

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

	2016	2015
Retiring today		
Males	22.4	22.4
Females	24.3	24.4
Retiring in 20 years		
Males	24.4	24.3
Females	26.8	26.8

The Academy Trust's share of the assets in the scheme was:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	711,000	456,000
Debt instruments	93,000	123,000
Property	92,000	75,000
Cash	28,000	27,000
Total market value of assets	<u>924,000</u>	<u>681,000</u>

The actual return on scheme assets was £28,000 (2015 - £23,000).

The amounts recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(126,000)	(110,000)
Net interest cost	(15,000)	(13,000)
Contributions by the employer	97,000	83,000
Total	<u>(44,000)</u>	<u>(40,000)</u>
Actual return on scheme assets	<u>28,000</u>	<u>23,000</u>

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**20. PENSION COMMITMENTS (continued)**

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

	2016 £	2015 £
Opening defined benefit obligation	1,068,000	919,000
Current service cost	126,000	110,000
Interest cost	43,000	36,000
Contributions by employees	28,000	23,000
Actuarial losses/(gains)	411,000	(18,000)
Benefits paid	(7,000)	(2,000)
	<u>1,669,000</u>	<u>1,068,000</u>
Closing defined benefit obligation	<u>1,669,000</u>	<u>1,068,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	681,000	563,000
Return on plan assets (excluding net interest on the net defined pension liability)	28,000	23,000
Actuarial gains and (losses)	97,000	(9,000)
Contributions by employer	97,000	83,000
Contributions by employees	28,000	23,000
Benefits paid	(7,000)	(2,000)
	<u>924,000</u>	<u>681,000</u>
Closing fair value of scheme assets	<u>924,000</u>	<u>681,000</u>

**21. OPERATING LEASE COMMITMENTS**

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
<b>Amounts payable:</b>		
Within 1 year	5,746	7,498
Between 1 and 5 years	18,079	221
Total	<u>23,825</u>	<u>7,719</u>

**22. RELATED PARTY TRANSACTIONS**

No related party transactions took place in the period of account.

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**23. MEMBERS' LIABILITY**

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

**24. FIRST TIME ADOPTION OF FRS 102**

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the Academy Trust's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.