

Company Registration Number: 07838126(England and Wales)

HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017



 **Bishop Fleming**
Chartered Accountants

**HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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**HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members

K Barker
D Biddel
C Bradford
T Gillespie
M C Reynell
K Snape

Trustees

M C Reynell, Chair^{1,2,3}
C Bradford, Head Teacher^{1,2,3}
J Anderson^{1,3,4}
S Attewell (resigned 12 July 2017)^{1,4}
K Barker^{1,3,4}
D Biddel^{1,2}
S Chivers⁴
M Cook (resigned 17 September 2016)⁴
R De Bruin (resigned 31 August 2017)⁴
A Georgiou^{2,4}
T Gillespie^{1,3,4}
L Green (resigned 18 October 2016)⁴
M Meehan²
M Standing⁴
K Snape^{2,4}
M Wallis²
G Windows (resigned 12 July 2017)^{2,4}

- 1 Executive Committee
- 2 Resources Committee
- 3 Staffing Committee
- 4 Student Outcomes Committee

**Company registered
number**

07838126

Company name

Henbury School

**Principal and Registered
office**

Station Road
Henbury
Bristol
BS10 7QH

Senior Leadership Team

C Bradford, Headteacher
N Cerullo, Deputy Head
L Greenwood, Assistant Head
M Hughes, Assistant Head
A Pryde, Assistant Head
M Treby, Assistant Head
S Wilkinson, Business & Finance Director

Independent auditors

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
16 Queen Square
Bristol
BS1 4NT

**HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Bankers Lloyds Bank Plc
61 Gloucester Road
Bristol
BS34 5JH

Solicitors Veale Wasbrough Vizards LLP
Narrow Quay House
Bristol
BS1 4QA

**HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees present their annual report together with the financial statements and Auditors' Report of the charitable company for the year ended 31 August 2017. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 16, plus a P16 Centre for SEN students. It has a pupil capacity of 950 and had a roll of 587 in the school census on 31 October 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

The Trustees of Henbury School are also the directors of the charitable company for the purposes of company law. The charitable company is known as Henbury School.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

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 they ceased to be a member.

Trustees' Indemnities

In accordance with normal commercial practice the Academy Trust has arranged insurance cover through the EFA's RPA Scheme to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover on any one claim.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

The Academy Trust shall have the following Trustees as set out in its Articles of Association funding agreement:

- up to one Local Authority Trustee who is appointed by Bristol City Council;
- up to five Parent Trustees who are elected by parents of registered pupils at the Academy;
- up to three Staff Trustees appointed by the Board of Trustees;
- up to eight Community Trustees who are appointed by the Board of Trustees; and
- the Headteacher who is treated for all purposes as being an ex officio Trustee.

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be reappointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy Trust's development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Academy Trust has a Trustee Induction and Training policy available from the Clerk to the Trustees.

**HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Organisational Structure

The Full Board of Trustees normally meets once each term. The Board of Trustees establishes an overall framework for the governance of the Academy Trust and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board of Trustees may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are four committees as follows:

- Executive Committee - this committee comprises the Chair of Trustees, the Headteacher and the chairs and vice chairs of the other committees. It coordinates the activities of the other committees;
- Resources Committee – this committee is responsible for the oversight of school finances, premises and other resources;
- Staffing Committee - this committee considers the terms and conditions of employment of the Academy's staff; and,
- Student Outcomes Committee – this committee is responsible for all matters relating to student achievement, progress and welfare.

All committees meet once a term, except for the Staffing Committee which meets as required.

The following decisions are reserved to the Members:

- any proposals for changes to the status or constitution of the Academy and its committee structure;
- the appointment or removal of the Chairman and/or Vice Chairman;
- the appointment of the Headteacher and Clerk to the Trustees; and
- adoption of the School Improvement Plan and budget.

The Trustees are responsible for setting general policy. Responsibility for day to day management of the Academy is delegated to the Headteacher and Senior Leadership Team (SLT). The SLT consists of the Headteacher, Deputy Headteacher, four Assistant Headteachers, and the Business and Finance Director. The SLT implement the policies laid down by the Trustees and report back to them on performance. The Headteacher is responsible for the appointment of staff, though appointment panels for senior posts always include a Trustee.

The Headteacher is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

When converting from a LA school to an academy all staff were TUPEd on their existing terms and conditions in line with Bristol City Council's Pay and Remuneration Policy. Since then Governors agree a staffing and pay structure for the school, and that any pay changes for teachers or support staff go through the Staffing Committee. Our Pay Policy makes clear how staff progress on their pay scales.

Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of Henbury School. There are no sponsors or formal Parent Teacher Associations associated with the Academy Trust.

The Henbury School Trust is a connected party that raises funds on behalf of the Academy Trust.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Charitable Company is the operation of Henbury School to provide free education and care for pupils of different abilities.

**HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Objectives, Strategies and Activities

The Academy Trust's priorities are set out in the School Improvement Plan:

- continue to raise attainment and achievement, particularly among under performing and vulnerable groups;
- improve teaching and learning to a level where it is consistently good or better;
- improve attendance and punctuality;
- make the Academy the beacon of the local community;
- ensure that the Academy's development includes partnerships which support school improvement; and,
- improve behaviour and behaviour management techniques and structures, so that disruption to lessons and around school is unusual.

The Trustees have initiated a strategic planning process to review these priorities.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

STRATEGIC REPORT

Achievements and Performance

Performance against the targets in the School Improvement Plan are set out below. Key issues are:

- GCSEs and academic performance measures changed considerably in 2016/17, making direct comparisons with previous years difficult. The School did not reach its academic targets, and the gap in performance between disadvantaged students and others increased. The Progress 8 performance indicator is still to be confirmed, but is likely to fall below the national floor target. A new action plan has been put in place to address these issues.
- The School's behaviour and discipline policies continue to have an extremely positive effect. The School has received national recognition and supported many others in introducing similar strategies.
- The number of students in the school rose from 541 (January 16) to 582 in January 2017, still well below the School's capacity. Increased admissions in September 2017 means that there are now 622 students on roll.
- The Academy Trust hosts a Resource Base funded by the local authority, for students aged 11-18 with learning difficulties, with 45 funded places. 33 places are currently filled. All students in Year 11 in the Resource Base 2016/17 left with a range of qualifications, including at least one GCSE. This reflects the excellence of the Academy Trust's provision for students with special needs.

Concerted action has been taken to improve behaviour management and to implement new disciplinary arrangements, and this has been successful in improving standards of behaviour across the Academy Trust.

**HENBURY SCHOOL
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Key Performance Indicators

Key performance indicators are considered to be surpluses, reserves and educational performance as shown below:

The Academy Trust made a surplus of £36,203 in the year to 31 August 2017. At the year end, the Academy had unrestricted funds of £195,358, general funds of £251,302 and a restricted fixed asset fund of £78,020.

Key Academic Statistics

	2016 excl. Resource Base	2017 excl. Resource Base
KS4		
5+ A*- C grades inc. English and Maths	46%	41%
2 A*- C grades in Science	48%	45%
English Baccalaureate	22%	6%
Progress * Measure	-0.09	-0.83
Attainment 8 Measure	4.45	3.65

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust 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.

FINANCIAL REVIEW

Financial Review

Most of the Academy Trust's income is obtained from the DfE via the ESFA. The level of income is largely driven by student numbers.

The Academy Trust's buildings are maintained by BAM FM under a Private Finance Initiative (PFI) contract. The Academy pays approximately 13% of recurrent grant income for the use of the buildings. The PFI contract runs to 2031.

The Academy Trust has a deficit in the Local Government Pension Scheme in respect of non-teaching staff. The deficit is reported in the Statement of Financial Activities, with details in Note 21 to the financial statements. This liability will be discharged over a period of years by gradual increases in the Academy Trust's contributions to the Avon Pension Fund.

The Academy Trust's Finance Policy was reviewed in 2017, in line with the Academies Financial Handbook. The Policy lays out the framework for financial management, including the responsibilities of the Trustees, the Headteacher, Senior and Middle Leaders, budget holders and other staff, as well as delegations of authority to spend.

The Trustees appointed David Biddel, to oversee internal assurance procedures by receiving reports on internal checks and financial controls. Reviews are undertaken by Bishop Fleming LLP. During the year, the Trustees received 3 reports, these included no matters of significance.

**HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Reserves Policy

The Trustees review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy Trust, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of reserves (excluding fixed assets and pension reserves) should be approximately £400,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected items. At 31 August 2017 the reserves were £412,214.

As noted above, the defined benefit pension scheme reserve has a negative balance. The effect of this is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

Investment Policy

Due to the nature and timing of receipt of funding, the Academy Trust may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. As at 31 August 2017, £507k was held in an interest-earning account. No other form of investment is authorised.

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major 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 principal risks and uncertainties facing the Academy Trust are as follows:

- Financial - the Academy Trust relies on continued Government funding through the EFA. In the last year 96.6% of the Academy Trust's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. In particular, the impact of the Government's proposal for a national 'fair funding formula' for schools is not known at this stage.
- Student numbers - these determine the School's income, so that spending and staffing must be managed to reflect changes in student numbers.
- Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy Trust's strategic direction, finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks, including the exploration of possible collaborative arrangements with other schools.
- Reputational - the continuing success of the Academy Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest possible educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed, and that action is taken to deliver improvements where required.
- Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.
- Staffing - the success of the Academy Trust is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.
- Fraud and mismanagement of funds - The Academy Trust has appointed Bishop Fleming LLP to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

PLANS FOR FUTURE PERIODS

During 2016/17, the trustees of the Academy Trust adopted a Strategic Plan, covering raising student achievement, increasing student numbers and the future direction of the Academy, including potential partnerships. Details are available from the Clerk to the Trustees, along with the detailed School Improvement Plan.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy Trust and its Trustees do not act as the Custodian Trustees of any other Charity other than the Headteacher and D Biddel who are trustees of The Henbury School Trust.

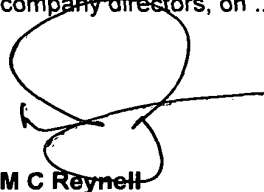
AUDITORS

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as company directors, on6.12.17..... and signed on the board's behalf by:



M C Reynell
Chair of Trustees

**HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

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

Trustee	Meetings attended	Out of a possible
M C Reynell, Chair	4	6
C Bradford, Head Teacher	6	6
J Anderson	4	6
S Attewell	2	5
K Barker	4	6
D Biddel	6	6
S Chivers	4	6
M Cook	0	0
R De Bruin	5	6
A Georgiou	5	6
T Gillespie	6	6
L Green	0	0
M Meehan	4	6
M Standing	5	6
K Snape	3	6
M Wallis	5	6
G Windows	1	5

The Board of Trustees has continued with the same governance structure this year. Further details of the respective responsibilities of these committees are detailed in the Trustees' Report.

The Resources Committee is a sub committee of the main Board of Trustees. Details of the purpose of this committee are detailed in the Trustees Report.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
C Reynell, Chair	4	6
C Bradford, Headteacher	6	6
D Biddel	6	6
M Meehan	4	6
K Snape	5	6
M Wallis	5	6
G Windows	4	6
A Georgiou	2	6

**HENBURY SCHOOL
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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Headteacher has responsibility for ensuring that the Academy delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

The budget is used directly to support the delivery of the school improvement plan targets. The school improvement plans have seen the following outcomes:

- The Academy being judged by Ofsted as delivering a good standard in all areas
- Improved teaching and learning
- A consistent, sustained rise in rates of attendance

The performance of all staff is reviewed regularly, focusing on Teaching and Learning outcomes, with appropriate interventions taking place. This process has resulted in a reduction in inadequate teaching and an increase in teaching that is good or outstanding. The implementation of new Performance Management arrangements rewards excellence. Staffing analyses are undertaken termly and, where appropriate, action taken to rationalise staffing levels.

All contracts are reviewed annually for best value and reported on to relevant committees.

Regular benchmarking takes place to compare the Academy's expenditure with similar institutions.

As a PFI school we are restricted by contractual obligations. However we regularly challenge quotes when deemed excessive and are successful in these approaches.

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 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 Henbury School for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

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

**HENBURY SCHOOL
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GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the 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 Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed:

- David Biddel, a Trustee, as responsible for internal assurance;
- Bishop Fleming LLP, the external auditors, to perform additional checks.

The appointee's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems.

Reviews are undertaken 3 times a year by Bishop Fleming LLP. During the year the Trustees received 3 internal assurance reports. These contained no matters of significance.

Bishop Fleming's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. Three times a year the internal assurance function reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibility.

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 internal assurance work provided by Bishop Fleming LLP;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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


**M C Reynell, Chair
Chair of Trustees**

6/12/17


**C Bradford
Accounting Officer**

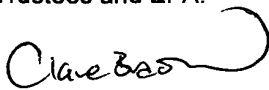
**HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Henbury School 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.

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 2016.

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



**C Bradford
Accounting Officer**

6/12/17

**HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees (who act as governors of Henbury School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic Report, the Trustees' 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 Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the 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 Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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



M C Reynell
Chair of Trustees

Date:

6/12/17

**HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HENBURY SCHOOL**

OPINION

We have audited the financial statements of Henbury School for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. 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', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the Academy'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 Academy's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

**HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HENBURY SCHOOL**

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HENBURY SCHOOL**

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.

Bishop Fleming Ltd

David Butler FCA, DChA (Senior Statutory Auditor)
for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

16 Queen Square

Bristol

BS1 4NT

Date: *19 December 2017*

**HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HENBURY SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 9 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Henbury School during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF HENBURY SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Henbury School's funding agreement with the Secretary of State for Education dated 1 June 2012, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HENBURY
SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Bishop Fleming LLP

David Butler FCA, DChA (Reporting Accountant)
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
16 Queen Square
Bristol
BS1 4NT

Date: *19 December 2017*

HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	-	93,512	-	93,512	100,240
Charitable activities	3	56,253	4,462,746	-	4,518,999	4,802,356
Investments	4	2,608	-	-	2,608	6,091
TOTAL INCOME		58,861	4,556,258	-	4,615,119	4,908,687
EXPENDITURE ON:						
Charitable activities		17,629	4,683,525	56,208	4,757,362	4,891,586
TOTAL EXPENDITURE	5	17,629	4,683,525	56,208	4,757,362	4,891,586
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	17	41,232	(127,267)	(56,208)	(142,243)	17,101
		-	(2,751)	2,751	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		41,232	(130,018)	(53,457)	(142,243)	17,101
Actuarial gains/(losses) on defined benefit pension schemes	22	-	484,000	-	484,000	(924,000)
NET MOVEMENT IN FUNDS		41,232	353,982	(53,457)	341,757	(906,899)
RECONCILIATION OF FUNDS:						
Total funds brought forward		154,126	(1,698,126)	131,477	(1,412,523)	(505,624)
TOTAL FUNDS CARRIED FORWARD		195,358	(1,344,144)	78,020	(1,070,766)	(1,412,523)

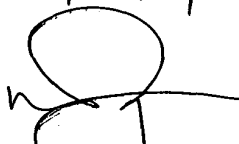
The notes on pages 22 to 42 form part of these financial statements.

HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07838126

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	12		78,020		131,477
CURRENT ASSETS					
Stocks	13	34,937		15,359	
Debtors	14	175,994		251,729	
Cash at bank and in hand		696,289		748,825	
		<u>907,220</u>		<u>1,015,913</u>	
CREDITORS: amounts falling due within one year	15	<u>(495,006)</u>		<u>(658,913)</u>	
NET CURRENT ASSETS			<u>412,214</u>		<u>357,000</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>490,234</u>		<u>488,477</u>
Defined benefit pension scheme liability	22		<u>(1,561,000)</u>		<u>(1,901,000)</u>
NET LIABILITIES			<u><u>(1,070,766)</u></u>		<u><u>(1,412,523)</u></u>
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
General funds	17	216,856		202,874	
Fixed asset funds	17	78,020		131,477	
Restricted funds excluding pension liability		<u>294,876</u>		<u>334,351</u>	
Pension reserve		<u>(1,561,000)</u>		<u>(1,901,000)</u>	
Total restricted funds			<u>(1,266,124)</u>		<u>(1,566,649)</u>
Unrestricted funds	17		<u>195,358</u>		<u>154,126</u>
TOTAL DEFICIT			<u><u>(1,070,766)</u></u>		<u><u>(1,412,523)</u></u>

The financial statements on pages 19 to 42 were approved by the Trustees, and authorised for issue, on 6/12/17 and are signed on their behalf, by:


M C Reynell
Chair of Trustees

The notes on pages 22 to 42 form part of these financial statements.

**HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash used in operating activities	19	(62,727)	(8,941)
Cash flows from investing activities:			
Purchase of tangible fixed assets		7,583	(35,197)
Net cash provided by/(used in) investing activities		7,583	(35,197)
Interest received		2,608	6,091
Net cash provided by financing activities		2,608	6,091
Change in cash and cash equivalents in the year		(52,536)	(38,047)
Cash and cash equivalents brought forward		748,825	786,872
Cash and cash equivalents carried forward		696,289	748,825

The notes on pages 22 to 42 form part of these financial statements.

**HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES

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

1.1 GENERAL INFORMATION

Henbury School is a company limited by guarantee, incorporated in England and Wales. The registered office is Henbury School, Station Road, Henbury, Bristol, BS10 7QH.

1.2 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.3 GOING CONCERN

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

HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

1. ACCOUNTING POLICIES (continued)

1.4 INCOME

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

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

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

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

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

1.5 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 on charitable activities are costs incurred on the Academy's educational operations, including support costs and those costs relating to the governance of the Academy appointed to charitable activities.

HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

The land and buildings occupied by the school are subject to a PFI arrangement and maintained and controlled by the PFI company. The Academy Trust does not hold any ownership over these assets and therefore they are not held as fixed assets in these financial statements.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	-	4 years straight line
Musical instruments	-	10 years straight line
Computer equipment	-	5 years straight line

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

1.7 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.8 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 and cash on deposit that has a notice period of less than 30 days.

1.9 LIABILITIES AND PROVISIONS

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

**HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.10 TAXATION

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

1.11 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

1.12 PENSIONS

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

**HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.13 FUND ACCOUNTING

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

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

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

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

1.14 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is based on the cost of purchases on a first in first out basis.

1.15 OPERATING LEASES

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

HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

1. ACCOUNTING POLICIES (continued)

1.16 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

Estimates and judgments 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 obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

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 22, 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 August 2017 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Academy obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	-	78,619	-	78,619	86,230
Capital Grants	-	10,893	-	10,893	14,010
	-	89,512	-	89,512	100,240
<i>Total 2016</i>	-	86,230	14,010	100,240	

HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant	-	3,615,338	3,615,338	3,936,498
Other DfE/ESFA grants	-	284,624	284,624	274,520
Income for hosting trainee teachers	2,000	-	2,000	-
	<u>2,000</u>	<u>3,899,962</u>	<u>3,901,962</u>	<u>4,211,018</u>
Other Government grants				
High Needs	-	373,784	373,784	310,393
Falling Rolls Funding	-	181,000	181,000	200,000
Other Local Authority Income	-	12,000	12,000	12,817
	<u>-</u>	<u>566,784</u>	<u>566,784</u>	<u>523,210</u>
Other funding				
Other	37,562	-	37,562	55,809
Uniform	16,691	-	16,691	12,319
	<u>54,253</u>	<u>-</u>	<u>54,253</u>	<u>68,128</u>
	<u>56,253</u>	<u>4,466,746</u>	<u>4,522,999</u>	<u>4,802,356</u>
Total 2016	<u>43,910</u>	<u>4,758,446</u>	<u>4,802,356</u>	

4. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	2,608	-	2,608	6,091
	<u>2,608</u>	<u>-</u>	<u>2,608</u>	
Total 2016	<u>6,091</u>	<u>-</u>	<u>6,091</u>	

HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

5. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Education:					
Direct costs	2,999,539	63,626	256,391	3,319,556	3,284,988
Support costs	463,827	36,935	937,044	1,437,806	1,606,598
	<u>3,463,366</u>	<u>100,561</u>	<u>1,193,435</u>	<u>4,757,362</u>	<u>4,891,586</u>
<i>Total 2016</i>	<u>3,410,751</u>	<u>695,679</u>	<u>785,156</u>	<u>4,891,586</u>	

6. DIRECT COSTS

	Total 2017 £	Total 2016 £
Pension finance costs/ (income)	22,000	(23,000)
Educational supplies	117,428	165,929
Examination fees	41,749	47,026
Staff development	9,602	25,361
Trip expenditure	83,819	90,888
Supply teachers	41,835	42,235
Profit on disposal of fixed assets	(8,000)	-
Music services	9,361	16,037
Wages and salaries	2,319,750	2,304,551
National insurance	229,191	197,794
Pension cost	388,613	348,853
Depreciation	64,208	69,314
	<u>3,319,556</u>	<u>3,284,988</u>
<i>At 31 August 2016</i>	<u>3,284,988</u>	

HENBURY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

7. SUPPORT COSTS

	Total 2017 £	Total 2016 £
Pension finance costs	21,000	59,000
PFI Charges	618,647	637,053
Other costs	4,132	1,918
Recruitment and support	16,100	5,370
Maintenance of premises and equipment	511	181
Uniform expenditure	15,627	9,144
Rent and rates	36,424	34,220
Insurance	14,756	23,858
Security and transport	2,461	4,903
Catering	3,974	8,654
Technology costs	95,033	201,496
Office overheads	37,126	33,906
Legal and professional	64,772	48,174
Bank charges	165	-
Subscription costs	22,567	12,209
Governance	20,684	14,194
Wages and salaries	319,193	399,371
National insurance	27,448	29,171
Pension cost	117,186	83,776
	<u>1,437,806</u>	<u>1,606,598</u>
<i>Total 2016</i>	<u>1,606,598</u>	

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	64,208	69,314
Auditors' remuneration	8,050	7,950
Auditors' remuneration - non-audit	3,690	3,490
Operating lease rentals	<u>27,512</u>	<u>130,045</u>

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9. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	2,638,943	2,703,922
Social security costs	256,639	226,965
Operating costs of defined benefit pension schemes	505,799	432,629
	<u>3,401,381</u>	<u>3,363,516</u>
Compensation payments	20,150	5,000
Supply teachers	41,835	42,235
	<u>3,463,366</u>	<u>3,410,751</u>

Included within compensation payments are contractual severance payments totalling £20,150 for one member of staff (2016: £5,000 for one member of staff).

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

	2017 No.	2016 No.
Teachers	44	45
Teaching support	41	43
Administration	9	10
Management	7	8
	<u>101</u>	<u>106</u>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teachers	38	39
Teaching support	32	32
Administration	7	10
Management	7	8
	<u>84</u>	<u>89</u>

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9. STAFF COSTS (continued)

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

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

The key management personnel of the Academy Trust comprise 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 £536,969 (2016: £504,936).

As staff trustees are not remunerated in respect of their role as a trustee, where staff trustees do not form part of the key management personnel other than in their role as trustee, their remuneration as set out in note 10 has not been included in the total benefits received by key management personnel above.

10. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Head Teacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows: C Bradford: Remuneration £85,000-£90,000 (2016: £85,000-£90,000), Employer's pension contributions £10,000-£15,000 (2016: £10,000-£15,000). M Wallis: Remuneration £20,000-£25,000 (2016: £20,000-£25,000), Employer's pension contributions £0-£5,000 (2015: £0-£5,000). R De Bruin: Remuneration £20,000-£25,000 (2016: £20,000-£25,000), Employer's pension contributions £0-£5,000 (2016: £0-£5,000). M Standing: Remuneration £45,000-£50,000 (2016: £45,000-£50,000), Employer's pension contributions £5,000-£10,000 (2016: £5,000-£10,000).

Other related party transactions involving the trustees are set out in note 24.

11. TRUSTEES' AND OFFICERS' INSURANCE

The Academy Trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides unlimited cover. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

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

12. TANGIBLE FIXED ASSETS

	Motor vehicles £	Musical instruments £	Computer equipment £	Total £
COST				
At 1 September 2016	55,339	10,000	265,901	331,240
Additions	8,000	-	2,751	10,751
Disposals	(18,334)	-	-	(18,334)
At 31 August 2017	45,005	10,000	268,652	323,657
DEPRECIATION				
At 1 September 2016	47,771	5,550	146,442	199,763
Charge for the year	9,568	1,000	53,640	64,208
On disposals	(18,334)	-	-	(18,334)
At 31 August 2017	39,005	6,550	200,082	245,637
NET BOOK VALUE				
At 31 August 2017	6,000	3,450	68,570	78,020
At 31 August 2016	7,568	4,450	119,459	131,477

13. STOCKS

	2017 £	2016 £
Uniforms and classroom supplies	34,937	15,359

14. DEBTORS

	2017 £	2016 £
Trade debtors	434	2,576
VAT recoverable	6,222	44,388
Other debtors	1,744	-
Prepayments and accrued income	167,594	204,765
	175,994	251,729

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FOR THE YEAR ENDED 31 AUGUST 2017

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade creditors	34,989	198,689
Other taxation and social security	70,770	64,724
Other creditors	69,265	100,293
Accruals and deferred income	319,982	295,207
	<u>495,006</u>	<u>658,913</u>

	2017 £	2016 £
DEFERRED INCOME		
Deferred income at 1 September	73,401	30,418
Resources deferred during the year	19,155	73,401
Amounts released from previous years	(73,401)	(30,418)
Deferred income at 31 August	<u>19,155</u>	<u>73,401</u>

Deferred income comprises funds received in advance from the Local Authority and Department for Education.

16. FINANCIAL INSTRUMENTS

	2017 £	2016 £
Financial assets measured at fair value through income and expenditure	696,289	748,825
Financial assets measured at amortised cost	141,196	115,895
	<u>837,485</u>	<u>864,720</u>
Financial liabilities measured at amortised cost	<u>(406,586)</u>	<u>(520,787)</u>

Financial assets measured at fair value through income and expenditure comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

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17. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
UNRESTRICTED FUNDS						
General funds	154,126	58,861	(17,629)	-	-	195,358
RESTRICTED FUNDS						
	Brought forward	Income	Expenditure	Transfers in/out	Gains/ (Losses)	Balance at 31 August 2017
General Annual Grant (GAG)	202,874	3,615,338	(3,644,097)	-	-	174,115
High needs income	-	373,784	(373,784)	-	-	-
Pupil premium	-	269,915	(269,915)	-	-	-
Devolved formula capital	-	10,893	-	(2,751)	-	8,142
Other DfE/EFA Income	-	14,709	-	-	-	14,709
Falling rolls funding	-	181,000	(181,000)	-	-	-
Other restricted income	-	70,729	(70,729)	-	-	-
Other donations	-	19,890	-	-	-	19,890
Pension reserve	(1,901,000)	-	(144,000)	-	484,000	(1,561,000)
	(1,698,126)	4,556,258	(4,683,525)	(2,751)	484,000	(1,344,144)
RESTRICTED FIXED ASSET FUNDS						
	Brought forward	Income	Expenditure	Transfers in/out	Gains/ (Losses)	Balance at 31 August 2017
Fixed assets transferred on conversion	26,351	-	(26,351)	-	-	-
Fixed assets purchased from GAG and DFC	80,204	-	(14,635)	2,751	-	68,320
Donated assets	24,922	-	(15,222)	-	-	9,700
	131,477	-	(56,208)	2,751	-	78,020
Total restricted funds	(1,566,649)	4,556,258	(4,739,733)	-	484,000	(1,266,124)
Total of funds	(1,412,523)	4,615,119	(4,757,362)	-	484,000	(1,070,766)

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NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
UNRESTRICTED FUNDS						
General funds	118,172	50,001	(14,047)	-	-	154,126
	<u>118,172</u>	<u>50,001</u>	<u>(14,047)</u>	<u>-</u>	<u>-</u>	<u>154,126</u>

RESTRICTED FUNDS

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
General Annual Grant (GAG)	88,697	3,878,018	(3,742,654)	(21,187)	-	202,874
High needs income	-	310,393	(310,393)	-	-	-
Pupil premium	-	274,520	(274,520)	-	-	-
Other DfE/EFA income	29,913	58,480	(88,393)	-	-	-
Falling rolls funding	-	200,000	(200,000)	-	-	-
Other restricted income	-	123,265	(123,265)	-	-	-
Pension reserve	(908,000)	-	(69,000)	-	(924,000)	(1,901,000)
	<u>(789,390)</u>	<u>4,844,676</u>	<u>(4,808,225)</u>	<u>(21,187)</u>	<u>(924,000)</u>	<u>(1,698,126)</u>

RESTRICTED FIXED ASSET FUNDS

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Fixed assets transferred on conversion	26,351	-	-	-	-	26,351
Fixed assets purchased from GAG and DFC	91,864	14,010	(46,857)	21,187	-	80,204
Donated assets	47,379	-	(22,457)	-	-	24,922
	<u>165,594</u>	<u>14,010</u>	<u>(69,314)</u>	<u>21,187</u>	<u>-</u>	<u>131,477</u>
Total restricted funds	<u>(623,796)</u>	<u>4,858,686</u>	<u>(4,877,539)</u>	<u>-</u>	<u>(924,000)</u>	<u>(1,566,649)</u>
Total of funds	<u>(505,624)</u>	<u>4,908,687</u>	<u>(1,891,586)</u>	<u>-</u>	<u>(924,000)</u>	<u>(1,412,523)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

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

RESTRICTED FUNDS

The General Annual Grant (GAG) represents funding received from the ESFA during the period in order to fund the continuing activities of the school including education and support costs. During the year £2,751 (2016: £21,187) was transferred to the restricted fixed asset fund to represent fixed assets purchased from GAG.

High needs funding is received from the local authority to cater for pupils with learning difficulties and other disabilities.

Pupil premium funding represents amounts received from the ESFA and the Local Authority to cater for disadvantaged pupils.

Devolved formula capital was received from the ESFA in the year to be spent on maintaining the school facilities.

Other DfE/ESFA income represents various additional funding received in the period relating to the Year 7 Catch-Up grant and rates and insurance contributions.

Falling rolls funding represents income received from the local authority to help fund academy operations following the short fall in funding due to reduced student numbers.

Other restricted income represents various other income streams for providing student placements, school trips and reimbursement of various other costs.

Other donations - contributions towards various school activities including a climbing wall.

The pension reserve represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy. The Academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

RESTRICTED FIXED ASSET FUNDS

Fixed assets on conversion represent the value of the building and other assets transferred to the new Academy from the Local Authority.

Fixed assets purchased from restricted funds represents amounts spent on fixed assets from GAG and DFC received from the ESFA and other restricted donations.

OTHER INFORMATION

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

HENBURY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
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18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	78,020	78,020
Current assets	195,358	711,862	-	907,220
Creditors due within one year	-	(495,006)	-	(495,006)
Pension scheme liability	-	(1,561,000)	-	(1,561,000)
	<u>195,358</u>	<u>(1,344,144)</u>	<u>78,020</u>	<u>(1,070,766)</u>

Provisions for liabilities and charges at 31 August 2017 include a pension scheme liability of £1,561,000 (2016: £1,901,000).

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	131,477	131,477
Current assets	154,126	861,786	-	1,015,912
Creditors due within one year	-	(658,912)	-	(658,912)
Provisions for liabilities and charges	-	(1,901,000)	-	(1,901,000)
	<u>154,126</u>	<u>(1,698,126)</u>	<u>131,477</u>	<u>(1,412,523)</u>

19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(142,243)	17,101
Adjustment for:		
Depreciation charges	45,874	69,314
Interest received	(2,608)	(6,091)
(Increase)/decrease in stocks	(19,578)	5,222
Decrease/(increase) in debtors	75,735	(87,157)
(Decrease)/increase in creditors	(163,907)	70,342
Decrease in provisions	-	(146,672)
Defined benefit pension scheme cost less contributions payable	101,000	33,000
Defined benefit pension scheme finance cost	43,000	36,000
Net cash used in operating activities	<u>(62,727)</u>	<u>(8,941)</u>

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

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash at bank and in hand	696,289	748,825
	<u>696,289</u>	<u>748,825</u>

21. 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.

22. PENSION COMMITMENTS

The Academy'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 Avon 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 August 2017.

Contributions amounting to £51,571 were payable to the schemes at 31 August 2017 (2016: 49,489) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)

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22. PENSION COMMITMENTS (continued)

- 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 is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £299,862 (2016: £270,413).

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).

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 2017 was £168,000 (2016: £167,000), of which employer's contributions totalled £130,000 (2016: £127,000) and employees' contributions totalled £38,000 (2016: £40,000). The agreed contribution rates for future years are 12.7% for employers and 5.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.40 %	2.10 %
Rate of increase in salaries	3.70 %	3.30 %
Rate of increase for pensions in payment / inflation	2.20 %	1.90 %
Inflation assumption (CPI)	2.20 %	1.80 %

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

	2017	2016
Retiring today		
Males	23.5	23.5
Females	26.0	26.0
Retiring in 20 years		
Males	25.9	26
Females	28.9	28.7

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22. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,127,000	1,008,000
Government bonds	255,000	244,000
Other bonds	175,000	192,000
Property	200,000	194,000
Cash and other liquid assets	82,000	(10,000)
Other	437,000	370,000
	<u>2,276,000</u>	<u>1,998,000</u>
Total market value of assets	<u>2,276,000</u>	<u>1,998,000</u>

The actual return on scheme assets was £183,000 (2016: £257,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017 £	2016 £
Current service cost	(231,000)	(160,000)
Interest income	40,000	65,000
Interest cost	(83,000)	(101,000)
	<u>(274,000)</u>	<u>(196,000)</u>
Total	<u>(274,000)</u>	<u>(196,000)</u>
Actual return on scheme assets	<u>183,000</u>	<u>257,000</u>

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

	2017 £	2016 £
Opening defined benefit obligation	3,899,000	2,546,000
Current service cost	231,000	160,000
Interest cost	83,000	101,000
Employee contributions	38,000	40,000
Actuarial (gains)/losses	(382,000)	1,113,000
Benefits paid	(32,000)	(61,000)
	<u>3,837,000</u>	<u>3,899,000</u>
Closing defined benefit obligation	<u>3,837,000</u>	<u>3,899,000</u>

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22. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening fair value of scheme assets	1,998,000	1,638,000
Interest income	43,000	68,000
Actuarial losses	102,000	189,000
Employer contributions	130,000	127,000
Employee contributions	38,000	40,000
Benefits paid	(32,000)	(61,000)
Administration expenses	(3,000)	(3,000)
Closing fair value of scheme assets	2,276,000	1,998,000

23. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
AMOUNTS PAYABLE:		
Within 1 year	-	27,512

24. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy's operations and the composition of the board of trustees being drawn from local public and private sector organisation, it is likely that transactions will take place with organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

During the year Harry Bradford, a family member of a trustee, received £6,375 (2016: £6,925) in respect of website consultancy services. The transactions were conducted on an arm's length basis. No other transactions have occurred during the year.

M Georgiou, wife of A Georgiou, a Trustee, is employed at the School. M Georgiou's appointment was made in open competition and A Georgiou was not involved in the decision making process. M Georgiou is paid within the normal pay scales for her role and receives no special treatment as a result of her relationship with a Trustee.

25. CONTROLLING PARTY

The Academy is under joint control of the Trustees. There is no ultimate controlling party.