

Registered number: 07925067 ()

PEASLAKE FREE SCHOOL LIMITED

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016



PEASLAKE FREE SCHOOL LIMITED
(A company limited by guarantee)

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

Members

Governors

M. Foster, Chairman
A.J.Barlow
A.I.Clayton
J Cobb
J Dale-Adcock (resigned 17 November 2016)
L Derrington (appointed 1 October 2015)
M.Jones
J.L.Kelly (resigned 23 February 2016)
L.E.Mutch
D.Newman
P.Rush
B Tait (appointed 23 April 2016)

Company registered number

07925067

Company name

Peaslake Free School Limited

Principal and registered office

Colmans Hill, Peaslake, Guildford, Surrey, GU5 9ST

Company secretary

D.Newman

Chairman

M.Foster

Independent auditor

Braidwood & Company, Lowood, The Street, Betchworth, Surrey, RH3 7DJ

PEASLAKE FREE SCHOOL LIMITED
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**GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

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.

Since the academy qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Objectives and Activities

• **OBJECTS AND AIMS**

Peaslake School has been a vital part of the community for over 100 years. From 1994 to 2013 it was operated by the Peaslake Schools Trust as a charity school for children aged 3 to 7. It is now a Free School providing Reception and Years 1-2 education for the children of the village and surrounding areas.

The vision for Peaslake Free School is to:

- Provide excellent early years education in the community, close to where the children live;
- Have small class sizes where children can enjoy high levels of individual attention and child-centred teaching is a reality;
- Create a secure and enjoyable transition from nursery to infant school;
- Develop and conduct a flexible curriculum which meets core needs and takes full advantage of the position of the school and the surrounding countryside;
- Provide an outstanding transition to the next stage of education;
- Encourage high levels of parental involvement in school activities.

• **OBJECTIVES, STRATEGIES AND ACTIVITIES**

We have also set out clear goals for the Free School which include:

- Happy, fulfilled, confident and well-rounded children who are able to walk to school and enjoy the company of peers;
- Continuity of high quality early years provision in the village with SATs results which exceed regional standards and successful progression of children to the next stage;
- A more diverse and inclusive school which attracts parents in the village of all circumstances and working lives

• **ACTIVITIES FOR ACHIEVING OBJECTIVES**

In providing the free education for up to 33 children from Peaslake and the surrounding villages the school curriculum is geared to activities that strive to achieve the aims, objectives and the ethos of the school.

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

Achievements and performance

• **KEY PERFORMANCE INDICATORS**

Our Key Performance Indicators are:

- The proportion of the children in the local community who attend our school;
- The SATS results we achieve and the value we add over the life of a child in our school;
- The inclusivity of our school measured in terms of our numbers of dual working parents who choose to send their children to our school;
- The qualifications and skills of our teaching staff in relation to current national benchmarks and their career progress;
- The breadth of our curriculum and, in particular, the degree to which we embrace the power of new technologies in our provision;
- The quality of our facilities and their fitness for purpose;
- The number of ways that we interact with our local community;
- The robustness of our financial management.

We have the following targets against these indicators:

- More than 75% of all children aged 5-7 in the village attend the school;
- SATS results exceed the national averages in Reading, Maths and Writing with an aspiration that at least 50% achieve Level 3 Maths, 60% Level 3 Reading, 30% achieve Level 3 in Literacy;
- The proportion of dual working parents at the school matches or exceeds other local maintained or free primary schools;
- Each member of staff gains a further area of expertise or qualification each year and regular increments are made to staff pay on the basis of enhanced skills and experience for the majority of our teaching staff;
- Technology is employed in 30% of our lessons;
- School facilities match or exceed other local primary schools;
- We have at least 2-3 major interactions with the wider community by the school each term;
- We achieve our financial plan without a deficit and without relying on excessive local fund raising.

• **REVIEW OF ACTIVITIES**

The Free School started its third year of operation in September 2015. A small surplus of funds was carried over into this year.

During this year the principle activities of the Free School have been:

1. Operation of the Free School;
2. Education of 28 children across Reception, Year 1 and Year 2 age groups;
3. Implementation of 2015/16 School Development Plan;
4. Investment in teacher training and development;
5. Further upgrade of classroom facilities and furniture;
6. Roll-out and use of classroom IT;
7. Implementation of new assessment processes for measuring pupil progress;
8. Ongoing marketing of the school to local community;
9. Investment in associated Nursery to secure future year numbers;
10. Design and planning permission approval for School and Nursery extension.

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

Financial review

● **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.

● **PRINCIPAL RISKS AND UNCERTAINTIES**

The board of trustees 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 trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the free school's significant risks that has been in place for the period from 1st 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 trustees.

● **RESERVES POLICY**

The main funding will be the 'General Annual Grant' (GAG) and unused funding can only be carried forward subject to the Funding agreement.

● **PRINCIPAL FUNDING**

The principal funding will be from the Secretary of State for education as per the Free School funding agreement signed on 9th August 2013.

Structure, governance and management

● **CONSTITUTION**

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is under a Memorandum of Association.

The Governors of Peaslake Free School Limited are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Peaslake Free School

Details of the Governors who served during the year are included in the Reference and administrative details on page 1.

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

● **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.

● **METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS**

The governance of Peaslake Free School is performed by the Peaslake Free School Governing body. This Governing body is made up of members and Governors of Peaslake Free School Limited. The membership of the body was confirmed for the next four years at the AGM of Peaslake Free School Limited in June 2016. The members include both parents and non-parents, with a majority being non-parents who are elected and co-opted under the terms of the Articles of Association.

● **POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS**

New Governors are well briefed about the school and its procedures and policies. A detailed induction process is in place and all Governors have a Handbook containing key governance related documents regarding the school including Funding Agreement, Education Brief, Articles etc. Governors visit the school during the term to progress key aspects of the School Development Plan. Termly Governor training events have been organised to help keep the group up to date about governance and other developments.

● **PAY POLICY FOR KEY MANAGEMENT PERSONNEL**

The teachers including the Head are paid in accordance with National scale rates and admin staff are paid according to local guidelines

● **ORGANISATIONAL STRUCTURE**

Governing Body

The Governing body is headed by a Chairman, who is also a named member of Peaslake Free School Limited with Companies House.

This Governing body meets formally each half term for Governors' Meetings. These meetings are the forum to:

- Set the strategic direction of the school in accordance with its mission and vision
- Approve the School Development Plan
- Monitor the performance of the school against its objectives and ensure educational excellence
- Define and approve school policies
- Identify and confirm key curriculum changes
- Oversee the financial performance of the School
- Appoint and performance manage the Principal in line with the Performance Management policy
- Oversee the leadership and staffing arrangements for the school
- Promote the school to ensure that demand for its services are maintained
- Manage the relationship between the school and wider community including fund- raising events
- Liaise effectively with the Peaslake Schools Trust over matters such as use of buildings and operation of the Nursery
- Provide strategic direction to the relationship with the Department of Education and the Local Authority.

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

Plans for future periods

• **FUTURE DEVELOPMENTS**

Peaslake Free School has developed a three year Development Plan for the period 2014/15-2016/17

The critical aspects of this plan are:

- Children progressing and enjoying learning;
- Building a skilled and flexible staff team;
- Leveraging the benefits of small scale;
- Leveraging new technology in teaching and learning;
- Taking advantage of our forest location;
- Building stronger parental partnerships;
- Reinforcing community relationships.

The key objectives for the year 2016/17 are:

1. To ensure that all children in the school achieve their potential by providing more opportunities to challenge and extend pupil learning;
2. To develop new assessment procedures in line with the new curriculum;
3. To rigorously monitor teaching and learning in the school to improve outcomes for all pupils;
4. To improve the appraisal process by linking staff performance and professional development to pupil outcomes in order to drive the quality of teaching and learning in the school to "Outstanding";
5. To fully utilise the website as a communication tool and to provide opportunities for parents to support learning at home;
6. To enhance and measure Governor Effectiveness to lead the direction of the school towards "Outstanding" at the next Ofsted inspection;
7. To develop facilities in order to further improve the learning environment within the school and the wider community;
8. To enhance communication and marketing of Peaslake Free School.

Detailed action plans have been developed to take each of these areas forward and the Development Plan and Self Assessment have been updated.

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

DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is 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 relevant audit information and to establish that the charitable company's auditor is aware of that information.

This report was approved by order of the board of governors as the company directors, on 15 December 2016 and signed on its behalf by:


.....
M. Foster
Chair of Governors

PEASLAKE FREE SCHOOL LIMITED
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As governors, we acknowledge we have overall responsibility for ensuring that Peaslake Free School Limited 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 Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Peaslake Free School Limited 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 6 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
M. Foster, Chairman	6	6
A.J.Barlow	1	6
A Clayton	6	6
J Cobb	4	6
L Derrington - appointed 1.10.15	5	6
J Dale-Adcock - resigned 17.11.16	3	6
M Jones	6	6
J.L.Kelly - resigned 23.2.16	2	3
L.E.Mutch	3	6
D Newman	5	6
P Rush	5	6
B.Tait - appointed 23.4.16	3	3

During the year as shown above 2 Governors resigned during the year and 2 new Governors were appointed to bolster the education experience in the group. Those resigning were all thanked for their contributions to the school during their time as Governors.

The Governing Body undertook a review of its effectiveness during the year and assessed that it was meeting the needs of the school well, with some areas for improvement. Following the review it was decided to adjust the governance model for the year commencing September 2016

Four Sub-committees of the Governing Body have been identified:

Finance Audit and Estate :
Learning Committee :
Parent and Community Liason :
Nursery and Fundraising :
Performance Management and Governance :

These will meet once a term and report into a termly meeting of the full Governing Body.

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GOVERNANCE STATEMENT (continued)

During 2015/16 the Peaslake Free School operations were overseen by the Finance, Audit and Operations Committee. This consisted of 4 governors and the Head and their attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mark Foster (Chair)	6	6
David Newman (Deputy Chair)	5	6
Andrew Clayton	6	6
James Cobb	4	6
Sara Dangerfield (Head)	5	6

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 Peaslake Free School Limited for the year ended 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 is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year ended 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's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of governors;
- regular reviews by the finance 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 D.Newman , a Governor, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the academy's

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GOVERNANCE STATEMENT (continued)

financial systems. On a quarterly 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.

REVIEW OF EFFECTIVENESS

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

- the work of the Responsible Officer;
- the work of the external auditor;
- the 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 Responsible officer and a plan to ensure continuous improvement of the system is in place.

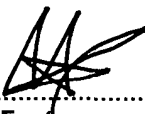
REVIEW OF VALUE FOR MONEY

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

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

Improving further the educational outcomes ,monitoring standards ,maximising income generation and controlling costs. Controls have been reviewed along with a review of the governance and any identified risks have been managed accordingly.

Approved by order of the members of the board of governors on 15 December 2016 and signed on their behalf, by:


.....
M.Foster
Chair of Trustees


.....
S.Dangerfield
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Peaslake Free School Limited 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.



Accounting Officer

Date: 15.12.16

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

The Governors (who act as governors of Peaslake Free School Limited and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the 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:

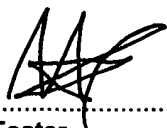
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on 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 15 December 2016 and signed on its behalf by:



.....
M. Foster
Chair of Governors

PEASLAKE FREE SCHOOL LIMITED
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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
PEASLAKE FREE SCHOOL LIMITED**

We have audited the financial statements of Peaslake Free School Limited 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) and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the academy's members, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITOR

As explained more fully in the Statement of Governors' responsibilities, the Governors (who are also the directors of the academy 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.

The Governors have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditor under section 144 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. 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'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 academy'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 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

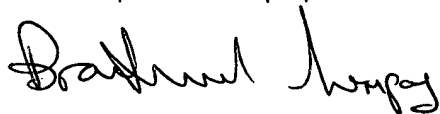
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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
PEASLAKE FREE SCHOOL LIMITED**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Governors' report is inconsistent in any material respect with the financial statements; or
- the academy has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the Governors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



Braidwood & Company

Chartered Accountants
Registered Auditors

Lowood
The Street
Betchworth
Surrey
RH3 7DJ

15 December 2016

Braidwood & Company is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

PEASLAKE FREE SCHOOL LIMITED
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**INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO PEASLAKE FREE
SCHOOL LIMITED AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated January 2014 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 Peaslake Free School Limited 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 Peaslake Free School Limited and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Peaslake Free School Limited 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 Peaslake Free School Limited and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF PEASLAKE FREE SCHOOL LIMITED'S ACCOUNTING OFFICER
AND THE REPORTING AUDITOR**

The accounting officer is responsible, under the requirements of Peaslake Free School Limited's funding agreement with the Secretary of State for Education dated 9th August 2013, 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's income and expenditure.

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.



Mrs C E Braidwood FCA (Senior statutory auditor)

for and on behalf of

Braidwood & Company

Chartered Accountants
Registered Auditors

Lowood
The Street
Betchworth
Surrey
RH3 7DJ

15 December 2016

PEASLAKE FREE SCHOOL LIMITED
(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 £
INCOME FROM:						
Donations and capital grants	3	5,000	11,321	-	16,321	30,792
Other trading activities	5	511	-	-	511	1,004
Investments	6	66	-	-	66	55
Charitable activities	4	-	240,504	4,326	244,830	256,715
TOTAL INCOME		5,577	251,825	4,326	261,728	288,566
EXPENDITURE ON:						
Charitable activities		4,640	261,940	9,493	276,073	265,740
TOTAL EXPENDITURE	9	4,640	261,940	9,493	276,073	265,740
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES						
		937	(10,115)	(5,167)	(14,345)	22,826
Actuarial losses on defined benefit pension schemes	20	-	(15,000)	-	(15,000)	(3,000)
NET MOVEMENT IN FUNDS		937	(25,115)	(5,167)	(29,345)	19,826
RECONCILIATION OF FUNDS:						
Total funds brought forward		438	41,103	24,824	66,365	46,539
TOTAL FUNDS CARRIED FORWARD		1,375	15,988	19,657	37,020	66,365

PEASLAKE FREE SCHOOL LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 07925067

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	13		15,331		24,824
CURRENT ASSETS					
Debtors	14	(251)		17,117	
Cash at bank and in hand		57,900		46,913	
		<u>57,649</u>		<u>64,030</u>	
CREDITORS: amounts falling due within one year	15	(14,960)		(16,489)	
NET CURRENT ASSETS			<u>42,689</u>		<u>47,541</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>58,020</u>		<u>72,365</u>
Defined benefit pension scheme liability	20		(21,000)		(6,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>37,020</u>		<u>66,365</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	16	36,988		47,103	
Restricted fixed asset funds	16	19,657		24,824	
		<u>56,645</u>		<u>71,927</u>	
Restricted funds excluding pension liability					
Pension reserve		(21,000)		(6,000)	
		<u>35,645</u>		<u>65,927</u>	
Total restricted funds			35,645		65,927
Unrestricted funds	16		1,375		438
TOTAL FUNDS			<u>37,020</u>		<u>66,365</u>

PEASLAKE FREE SCHOOL LIMITED
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BALANCE SHEET (continued)
AS AT 31 AUGUST 2016

The Governors consider that the academy is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the academy to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 144 of the Charities Act 2011.

The Governors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements were approved by the Governors, and authorised for issue, on 15 December 2016 and are signed on their behalf, by:


.....
M.Foster
Chair of Governors


.....
D.Newman
Governor

The notes on pages 21 to 35 form part of these financial statements.

PEASLAKE FREE SCHOOL LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	18	<u>10,987</u>	<u>11,215</u>
Fixed assets purchased		<u>-</u>	<u>(23,363)</u>
Net cash used in financing activities		<u>-</u>	<u>(23,363)</u>
Change in cash and cash equivalents in the year	19	<u>10,987</u>	<u>(12,148)</u>
Cash and cash equivalents brought forward		<u>46,913</u>	<u>59,061</u>
Cash and cash equivalents carried forward	19	<u><u>57,900</u></u>	<u><u>46,913</u></u>

PEASLAKE FREE SCHOOL LIMITED
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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.

Peaslake Free School Limited constitutes a public benefit entity as defined by FRS 102.

1.2 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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 Department for Education.

1.3 Income

All income is recognised once the academy 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.

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.

PEASLAKE FREE SCHOOL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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.

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 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 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..

1.6 Tangible fixed assets and depreciation

All assets costing more than £150 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.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. 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:

Fixtures and fittings	-	25% Straight line
Computer equipment	-	25% Straight line

PEASLAKE FREE SCHOOL LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.7 Interest receivable

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

1.8 Debtors

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

1.9 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.

1.10 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 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.

1.11 Financial instruments

The academy 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.

1.12 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.

PEASLAKE FREE SCHOOL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 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

PEASLAKE FREE SCHOOL LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.14 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 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. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy will be subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy has not exceeded these limits during the year ended 31 August 2016.

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Income for Breakfast clubs, swimming and general donations	5,000	11,321	-	16,321	30,792

In 2015, of the total income from donations and legacies, £ NIL was to unrestricted funds and £30,792 was to restricted funds

PEASLAKE FREE SCHOOL LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
Infrastructure Grant	-	4,326	4,326	4,327
General Grant	-	219,617	219,617	227,600
Universal Free school meals	-	12,782	12,782	16,807
Sports grant	-	8,105	8,105	7,981
	<u>-</u>	<u>244,830</u>	<u>244,830</u>	<u>256,715</u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £256,715 was to restricted funds.

5. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Equipment and Uniform sales	<u>511</u>	<u>-</u>	<u>511</u>	<u>1,004</u>

6. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	<u>66</u>	<u>-</u>	<u>66</u>	<u>55</u>

In 2015, of the total investment income, £ 55 was to unrestricted funds and £ NIL was to restricted funds.

PEASLAKE FREE SCHOOL LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

7. DIRECT COSTS

	Direct costs £	Total 2016 £	Total 2015 £
General school running costs	53,205	53,205	43,175
Staff Training	3,095	3,095	2,752
Wages and salaries	127,217	127,217	135,800
National insurance	10,040	10,040	7,251
Pension cost	27,392	27,392	22,371
	<u>220,949</u>	<u>220,949</u>	<u>211,349</u>

8. SUPPORT COSTS

	Governance costs £	Support Costs £	Total 2016 £	Total 2015 £
Outsourced administration	-	3,848	3,848	1,204
Recurring establishment costs	3,370	13,031	16,401	14,837
Depreciation	-	9,493	9,493	9,493
Repairs and maintenance	-	-	-	2,286
Caretaking and cleaning	-	3,950	3,950	3,573
Wages and salaries	-	21,432	21,432	19,648
	<u>3,370</u>	<u>51,754</u>	<u>55,124</u>	<u>51,041</u>
Subtotal	3,370	51,754	55,124	51,041
Governance costs	-	-	-	3,350
	<u>3,370</u>	<u>51,754</u>	<u>55,124</u>	<u>54,391</u>

During the year ended 31 August 2016, the academy incurred the following Governance costs: Auditors Remuneration £2,200 (2015 £2,000) Auditors remuneration for non audit services £120 (2015 nil) and Professional fees £1050 (2015 £1,350)

9. EXPENDITURE

	Staff costs 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Charitable activities				
Direct costs	164,649	56,300	220,949	211,349
Support costs	21,432	30,322	51,754	51,041
	<u>186,081</u>	<u>86,622</u>	<u>272,703</u>	<u>262,390</u>

PEASLAKE FREE SCHOOL LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

10. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	9,493	9,493
Reversal of impairment of fixed assets	-	(2,000)
	<u> </u>	<u> </u>

11. AUDITORS' REMUNERATION

The Auditor's remuneration amounts to an Audit fee of £2,200 (2015 - £2,000), and for non audit services of £ 120(2015 - £ -).

PEASLAKE FREE SCHOOL LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

12. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	148,649	155,448
Social security costs	10,040	7,251
Other pension costs (Note 20)	27,392	22,371
	<u>186,081</u>	<u>185,070</u>

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

	2016 No.	2015 No.
	<u>6</u>	<u>6</u>

No employee received remuneration amounting to more than £60,000 in either year.

13. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 September 2015 and 31 August 2016	<u>18,926</u>	<u>19,044</u>	<u>37,970</u>
Depreciation			
At 1 September 2015	6,291	6,855	13,146
Charge for the year	<u>4,732</u>	<u>4,761</u>	<u>9,493</u>
At 31 August 2016	<u>11,023</u>	<u>11,616</u>	<u>22,639</u>
Net book value			
At 31 August 2016	<u>7,903</u>	<u>7,428</u>	<u>15,331</u>
At 31 August 2015	<u>12,635</u>	<u>12,189</u>	<u>24,824</u>

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

14. DEBTORS

	2016 £	2015 £
Vat refundable	4,176	17,025
Prepayments and accrued income	573	92
Grants Receivable	(5,000)	-
	<u>(251)</u>	<u>17,117</u>

15. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Other creditors	1,991	887
Accruals and grants received in advance	12,969	15,602
	<u>14,960</u>	<u>16,489</u>

16. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds					
General Fund brought forward	438	5,577	(202,039)	-	(196,024)
Movements during the year	-	-	197,399	-	197,399
	<u>438</u>	<u>5,577</u>	<u>(4,640)</u>	<u>-</u>	<u>1,375</u>
Restricted funds					
Restricted Funds	47,103	251,825	(64,541)	-	234,387
Pension reserve	(6,000)	-	-	(15,000)	(21,000)
Other Restricted funds	-	-	(197,399)	-	(197,399)
	<u>41,103</u>	<u>251,825</u>	<u>(261,940)</u>	<u>(15,000)</u>	<u>15,988</u>
Restricted fixed asset funds					
Restricted Fixed Asset Funds	24,824	4,326	(9,493)	-	19,657
Total restricted funds	<u>65,927</u>	<u>256,151</u>	<u>(271,433)</u>	<u>(15,000)</u>	<u>35,645</u>
Total of funds	<u>66,365</u>	<u>261,728</u>	<u>(276,073)</u>	<u>(15,000)</u>	<u>37,020</u>

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

PEASLAKE FREE SCHOOL LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

16. STATEMENT OF FUNDS (continued)

The Unrestricted funds will be used in due course for general school running costs. The Restricted fixed asset fund will be reduced by depreciation on the fixed assets owned by the School and the General Restricted fund is the surplus remaining from the GAG and other funding moneys which will be used in due course for general School running costs.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
	-	-	-	-	24,824
Tangible fixed assets	(4,326)	-	19,657	15,331	-
Current assets	-	-	57,649	57,649	64,030
Creditors due within one year	-	-	(14,960)	(14,960)	(16,489)
Provisions for liabilities and charges	(21,000)	-	-	(21,000)	(6,000)
Transfer between funds	26,701	15,988	(42,689)	-	-
	<u>1,375</u>	<u>15,988</u>	<u>19,657</u>	<u>37,020</u>	<u>66,365</u>

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

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(14,345)	22,826
Adjustment for:		
Depreciation charges	9,493	9,493
Decrease/(increase) in debtors	17,368	(9,116)
Decrease in creditors	(1,529)	(11,988)
Net cash provided by operating activities	<u>10,987</u>	<u>11,215</u>

PEASLAKE FREE SCHOOL LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash at bank	57,900	46,913
Total	<u>57,900</u>	<u>46,913</u>

20. 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 Surrey County Council. Both are Multi-employer defined benefit pension schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. 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.

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

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

20. PENSION COMMITMENTS (continued)

- 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 £16,334 (2015 - £11,381).

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 2016 was £13843 (2015 - £13758), of which employers' contributions totalled £11,058 (2015 - £10,990) and employees contributions totalled £2,785 (2015 - £2,768). The agreed contribution rates for future years are 22.2% 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.
Surrey Pension Fund

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Rate of increase in salaries	2.40 %	4.10 %
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	22.5	22.5
Females	24.6	24.6
Retiring in 20 years		
Males	24.5	24.5
Females	26.9	26.9

PEASLAKE FREE SCHOOL LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

20. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Total value of assets	50,000	30,000
Total market value of assets	50,000	30,000

The actual return on scheme assets was £9.1 (2015 - £6.5).

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

	2016 £	2015 £
Opening defined benefit obligation	36,000	18,000
Interest cost	2,000	1,000
Contributions by scheme participants	3,000	3,000
Changes in financial assumptions	15,000	-1,000
Current service costs	15,000	15,000
Closing defined benefit obligation	71,000	36,000

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

	2016 £	2015 £
Opening fair value of scheme assets	30,000	15,000
Interest income	1,000	-
Contributions by employees	3,000	3,000
Employer contributions	11,000	11,000
Return on assets	5,000	1,000
	50,000	30,000

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.

PEASLAKE FREE SCHOOL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

22. RELATED PARTY TRANSACTIONS

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

23. 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's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.

PEASLAKE FREE SCHOOL LIMITED
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**DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	2016 £	2015 £
INCOME FROM EDUCATIONAL OPERATIONS		
General annual grant	219,617	227,600
Infrastructure Grant	4,326	4,327
Sports Grants	8,105	7,981
Universal Grant -Free school meals	12,782	16,807
Donation from Peaslake School Trust	5,000	15,000
Breakfast and after school clubs	6,118	9,524
Swimming and P.E.	2,720	4,618
Sundry income	2,994	2,654
Bank interest received	66	55
	<hr/>	<hr/>
TOTAL INCOME FROM EDUCATIONAL OPERATIONS	261,728	288,566
	<hr/>	<hr/>
TOTAL INCOME FROM EDUCATIONAL OPERATIONS	261,728	288,566
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PEASLAKE FREE SCHOOL LIMITED
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DETAILED INCOME AND EXPENDITURE ACCOUNT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

	2016 £	2015 £
LESS: EXPENDITURE FOR EDUCATIONAL OPERATIONS		
Teachers, TA's and SEN Salaries	160,338	161,384
Admin salaries	21,432	19,648
Music Salaries	4,311	4,039
Staff training	3,095	2,751
P.E and outdoor activities	7,487	9,718
School Stationery and books	3,678	1,788
Consumables	3,224	2,799
Milk and uniforms for resale	1,270	907
Free School Meals	18,383	17,047
Outsourced admin and supply	1,058	1,204
I.T. costs	764	1,921
Transport and trips	5,147	3,023
Breakfast and after school clubs	5,848	3,726
Publicity and Marketing	2,459	1,477
Caretaking and cleaning	3,950	3,573
Recurring establishment costs	13,031	14,837
Repairs and maintenance	2,790	2,286
Sundry expenses	4,945	769
Depreciation	9,493	9,493
TOTAL EXPENDITURE FOR EDUCATIONAL OPERATIONS	272,703	262,390
NET EXPENDITURE FROM CHARITABLE SOURCES	(272,703)	(262,390)
OTHER EXPENDITURE		
Auditors Remuneration	(2,200)	(2,000)
Auditors Remuneration -non audit work	(120)	-
Legal and professional	(1,050)	(1,350)
TOTAL OTHER EXPENDITURE	(3,370)	(3,350)
NET (EXPENDITURE)/INCOME FOR THE YEAR	(14,345)	22,826