

Company Registration Number: 08006892 (England and Wales)

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**ARDLEY HILL ACADEMY**  
(A Company Limited by Guarantee)

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**ARDLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

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

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<b>Members</b>	Mrs Vicky Deller Mrs Elaine Clinton Mr Michael Mullany (resigned as a member 19 October 2017) Mr Ian Sawyer (appointed as a member 19 October 2017)
<b>Governors</b>	Mr Jeff Abraham (appointed 6 July 2017) Mr Andrew J Bedwell Mrs Emma Browne (appointed 3 May 2017) Mrs Elaine Clinton, Vice Chair Mrs Vicky Deller, Chair <sup>1</sup> Mrs Dee Dumpleton (resigned 5 January 2017) <sup>1</sup> Mrs Samantha Hitchcock (resigned 3 May 2017) Mr Andrew Jones (appointed 4 May 2017) <sup>1</sup> Mr Gareth Mitchell Mr Mike Mullany <sup>1</sup> Mrs Natalie Read, Staff Governor Mr Ian Sawyer <sup>1</sup> Mrs Elizabeth Shipp (appointed 21 September 2017) Mr Jonathan Smith, Head Teacher <sup>1</sup> Mr Michael Wilby, Staff Governor Mr Neil Williams Mrs Deborah Young (appointed 6 July 2017)  <sup>1</sup> members of the Finance & Audit Committee
<b>Company registered number</b>	08006892
<b>Company name</b>	Ardley Hill Academy
<b>Principal and registered office</b>	Lowther Road Dunstable Beds LU6 3NZ
<b>Company secretary</b>	Mrs Sue Green (Clerk to Governors)
<b>Senior management team</b>	Mr Jonathan Smith, Head Teacher Miss Claire Riggett, Teacher Mrs Natalie Read, Deputy Head Teacher Mrs Ann Wintersgill, Deputy Head Teacher Mrs Susie Bennett, Teacher
<b>Independent auditors</b>	Streets Audit LLP Chartered Accountants Statutory Auditors Potton House Wyboston Lakes Great North Road Wyboston Bedford MK44 3BZ

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**Advisers (continued)**

<b>Bankers</b>	Lloyds Bank Plc PO Box 1000 BX1 1LT
<b>Solicitors</b>	Devonshires 30 Finsbury Circus London EC2M 7DT

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

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

The trust operates an Academy for pupils aged 2 to 11 with a Pre School provision from 2 – 4. The Academy has a pupil capacity of 420 (+ Pre-School 100) and had a roll of 361 (+ Pre School 87) as of September 2017. The Academy provides education for pupils who are wholly or mainly drawn from the area in which the Academy is located although 75% of pupils come from outside the academy's official catchment area.

**Structure, governance and management**

**a. CONSTITUTION**

The academy is a charitable company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The governors of Ardley Hill Academy Trust Limited are also the directors of the charitable company for the purposes of company law and trustees for the purposes of charity law. The charitable company is known as Ardley Hill Academy.

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

**b. MEMBERS' LIABILITY**

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

**c. GOVERNORS' INDEMNITIES**

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim.

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

The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Principal or any post which is held ex officio. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

The Governing Board may appoint up to 10 Community Governors through a process of application, interview and vote of the existing governors to their appointment.

A minimum of 5 Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he is elected. The term of office of a parent governor is 4 years.

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

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Up to 1 Staff Governor shall be elected by a ballot of all staff employed under a contract of employment (excluding the Head Teacher). If a Staff Governor ceases to work at the Academy then he shall be deemed to have resigned and shall cease to be a Governor automatically on termination of his work at the Academy. Any election of a Staff Governor which is contested shall be held by secret ballot. The Head and Deputy are automatically members of the Governing Board.

The Governors may appoint Co-opted Governors. A 'Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed. These positions will be appointed for a specific time/project.

Governors are subject to retirement or re-election at the end of their 4 year term of office unless the eligibility conditions listed above prevail.

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

Induction of new governors comprises a full briefing from the Chair of governors or a nominated governor with the Headteacher along with a tour of the school.

New governors will then read a welcome pack including the following documents;

- Governors handbook and financial handbook
- Governor details form (to be completed)
- List of governors including contact details and committees attended
- Details of Clerk and contact details
- A copy of the governor training programme 2016/2017
- A copy of the Code of Practice for governors (to be signed)
- A qualifications and disqualifications disclosure form (to be signed)
- A disclosure of pecuniary interests form and guidance notes for what this covers (to be completed)
- Companies House appointment of director form (to be completed)
- Details of meeting/committee Structure and forthcoming meeting dates
- Procedures for signing in to school
- Details of training courses, how they are funded and how to book training
- Details of the next available Induction training which governors are required to attend
- Details of the Terms of reference for each committee
- Details on how to access the school policies
- Details on school statistics
- Copies of minutes of most recent meetings
- Copy of Articles of Association

The Clerk also completes a new governor checklist which ensures any immediate actions from above are completed and, in addition, any queries are answered.

**f. ORGANISATIONAL STRUCTURE**

The structure of the Academy consists of two senior levels: the Board of Directors (Governing Board) and the Headteacher leading the Senior Leadership Team. The Governing Board is responsible for setting the Academy's vision ethos and strategic direction, holding the Headteacher to account for educational performance, oversight of the Academy's financial performance and ensuring value for money. To achieve this the Governing Board sets or agrees the Academy's policies, oversees the Academy Development Plan and budget, monitors performance against these plans and makes major decisions about the direction of the Academy.

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

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The Headteacher and Senior Leadership Team control the Academy at an executive and operational level, implementing the policies set by the Governing Board and reporting back to them. The Headteacher is the Accounting Officer for the Academy.

The Governing Board has established three sub-committees. Each sub-committee has its own terms of reference detailing the responsibilities discharged to the sub-committee. The terms of reference and meeting frequency for each sub-committee is reviewed and approved by the Governing Board annually. The Academy has an approved Financial Handbook which details the Academy's authorised spending limits.

The sub-committees of the Governing Board are:

- Strategic
- Finance and Audit
- Pay, Performance and HR committee

**g. ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL**

The Governing Board is responsible for the pay policy, its establishment and review through guidance by Luton HR and in accordance with the model pay policy provided by Luton HR. The pay policy is reviewed annually by the Pay, Performance and HR committee before it is ratified by the Governing Board.

The Headteacher and other teachers on the leadership spine are appraised in accordance with the Academy's Appraisal Policy. The decision whether or not to award pay progression is related to the individual's performance and should be within the agreed individual pay range. This too is reviewed rigorously by the Pay, Performance and HR committee.

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

There are no subsidiary companies or connected parties.

**Objectives and Activities**

**a. OBJECTS AND AIMS**

The principal object and activity of the charitable company is the operation of Ardley Hill Academy to provide education for pupils of different abilities between the ages of 2 and 11.

In accordance with the Articles of Association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to The Academy, and that the curriculum should comply with the substance of the national curriculum.

The main objectives of The Academy during the period ended 31 August 2017 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of The Academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements;

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

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- to maintain links with industry and commerce and the local, national and international community; and
- to conduct Academy business in accordance with the highest standards of integrity, probity and openness.

**b. OBJECTIVES, STRATEGIES AND ACTIVITIES**

The overall objectives during the year were to:

- develop further the capability of the Academy's leadership & management including the Governing Board;
- consolidate the move to full primary school increasing capacity of both children and expertise in upper key stage 2;
- improve procedures for leadership and oversight of Safeguarding and pupil welfare
- improve the monitoring of Pupil Premium spending to ensure effectiveness and increased positive impact on learning
- improve educational performance through:
  - o raising standards of teaching
  - o increase monitoring and effectiveness of Teaching Assistants
  - o ensure consistent approach throughout the academy
  - o establishing an upward trend of 4+ outcomes
  - o raising outcomes for phonics to at least the expected national level
  - o raising outcomes across the academy in maths
  - o delivery of a high quality upper key stage 2 provision
  - o achievement of the Primary Science Quality Mark;
- Establish and embed the extra Autistic Spectrum Condition provision
- Establish and embed the extra two-year-old provision to the existing Preschool

During the year, we had a key visit from the HMI attached to our Academy following our Ofsted inspection in March 2016. This visit supported our rapid improvement since the initial inspection and positively endorsed the direction we are headed in all areas.

Our initial Ofsted report requires the Academy to:

- improve outcomes for pupils: so that by the end of Year 6, pupils make good progress in reading, writing and mathematics and achieve the results of which they are capable
- improve teaching and learning through:
  - o greater challenge to most-able pupils
  - o using accurate assessment to plan learning
  - o providing greater opportunities for pupils to extend their writing skills
- improve early years by:
  - o raising the quality of teaching and learning
  - o ensuring that adults promote and model positive behaviour
  - o ensuring the environment is vibrant and purposeful
- arrange an external review of governance
- arrange an external review of the school's use of the pupil premium



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

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**c. PUBLIC BENEFIT**

The Trustees confirm that they have complied with the duty to have due regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit". The Academy's public benefit is enshrined in its charitable objects, which state:

- To advance for the public benefit education in the town of Dunstable and the surrounding area, in particular but without prejudice to the generality of the foregoing by estimating, maintaining, carrying on, managing and developing Academies, offering a broad curriculum.
- To provide facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

**Strategic report**

**Achievements and performance**

**a. REVIEW OF ACTIVITIES**

- Middle leadership is developed through in-house training and external professional development ensuring a much more robust leadership framework, enabling senior leaders to focus on high level monitoring and evaluation at a whole Academy level.
- The Governing Board has undertaken an external review and has rationalised its sub-committee structure with the Governing Board meeting more frequently Greater focus and challenge has been put on holding the Headteacher to account for results, oversight of the Academy's finances, ensuring effective use of resources and value for money and reviewing the strategy and vision for the academy.
- Ofsted acknowledged certain key strengths and achievements:
  - o pupils SMSC (spiritual, moral, social and cultural) development is well catered for;
  - o the curriculum is broad and balanced;
  - o leaders ensure sports funding is used exceptionally well;
  - o pupils benefit from a highly extensive range of extra-curricular activities;
  - o middle leaders are enthusiastic & committed to the success & achievement of pupils;
  - o leadership related to pupils who have SEN or disability is exemplary;
  - o teachers mark books consistently & in line with school policy;
  - o teachers have good subject knowledge & explain learning well to children;
  - o displays around the school show a wealth of Art that reflects the topics that the pupils are learning;
  - o the school's work to promote pupils' personal development & welfare is good;
  - o pupils' social & emotional development is extremely well catered for;
  - o adults ensure that pupils receive appropriate instruction about keeping safe when using a range of technology & social media;
  - o the Headteacher has worked hard to improve attendance & in this he has been successful;
  - o adults have reduced the number of serious incidents that result in exclusions at the Academy;
  - o pupils are articulate & have positive attitudes to learning;
  - o when teachers give pupils the opportunity to excel in other subjects such as the singing event where the year 5 sang at Wembley, they demonstrate that they have potential & skills far beyond their age;

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

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- o pupils who have SEN or disability generally make good or even better progress from their individual starting points;
  - o adults in the EYFS have taken steps to ensure that children have a broad experience in all areas of learning;
  - o the provision in the Pre School is well planned & helps the children develop confidence & speaking skills;
  - o pupils who have very specific needs are exceptionally well catered for.
- Our Self Evaluation and Academy Development Plan sets out our strengths and areas for improvement with a clear plan supporting our improvements. This was ratified by the HMI when she visited and deemed a robust and useful set of documents.
- The formal re-inspection could be at any time from now, but advice indicates it would be likely after another assessment point in July 2018.
- The Academy has applied for the Artsmark quality award.
- Last year we had two part filled classes in year 5 and 6. This year we have full classes in year 5 and larger classes in year 6.

**b. KEY PERFORMANCE INDICATORS**

Key performance indicators are as follows:

<b>Data Update – July 2017</b>			
	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>4+ GLD</b>	68	72	73
National	66	69	71
<b>Year 1 Phonics</b>	50	68	83
National	77	81	81
<b>Year 2 Phonics</b>		93	94
<b>With ASC</b>			<b>88</b>
National	90	91	92

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

<b>Data Update – July 2017</b>			
	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Year 2</b>			
Maths	78	70	72
<b>With ASC</b>			<b>68</b>
National	82	73	75
Reading	80	83	84
<b>With ASC</b>			<b>82</b>
National	82	74	76
Writing	72	65	72
<b>With ASC</b>			<b>68</b>
National	72	65	68
<b>Year 6</b>			
Maths		40	65
National		70	75
Reading		28	51
National		66	71
Writing		68	73
National		74	76
SPAG		48	71
National		72	77
Combined		12	43
National		53	61

- Outcomes at the end of the EYFS (Early Years Foundation Stage) improved significantly in 2016 and again in 2017, particularly in the areas of literacy & mathematics. In EYFS there is now a 3 year upward trend to above National results.
- Year 1 Phonics results are up this year from 68% in 2016 to 83% in 2017.
- In KS1 more children are able match or exceed cohort progress and in year 2 overall progress was good or better in all areas. Phonics is still at national average or above.
- The exit data from key stage two rose significantly in all areas between 25 – 30%. There is still much work to be done, but it is a promising improvement on our first years set of results.

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

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**c. GOING CONCERN**

After making appropriate enquiries, the Governing Board 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 note of the financial statements and below.

**Financial review**

**a. OVERVIEW**

Most of the Academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy still has financial constraints as it is undergoing a phase of growth which is not supported due to lag funding.

Following meetings with the Ardley Hill Academy (AHA) accountants it was noted that, for the academic period 2016/2017, the end of year figures reported a larger than forecast in year deficit. The Finance Committee and the full Governing Board (FGB) held meetings with the Headteacher and the Business Manager throughout June and July 2017 to justify the expected end of year financial position and submitted a request to the ESFA for monies to ensure a smooth cash flow for the academic period 2017/2018.

It is worth noting that:

1. The lag funding model means that AHA does not receive funding for all pupils on roll during the period, although AHA does incur costs to ensure teaching facilities are available. As pupil numbers stabilise following change to primary school the difference between pupils on roll and funding is less of a concern.
2. AHA finances include payments that accounting practices recommend AHA do not consider when reviewing the financial situation being reported, but the associated costs are to be considered. Overall AHA is still funded.
3. The reported overspend originated in a miscalculation when separating revenue and staffing costs related to the ASC from AHA costs for reporting to the FGB. Revised reporting measures are already in place for financial period 2017/2018 to ensure that this is not repeated.

The request for borrowing from the ESFA has been approved, with £100,000 advanced funding being received on 1 September 2017, ensuring a positive cash flow position throughout the academic year 2017/2018. A repayment plan has also been agreed and included in the budget for year 2017 /2018.

Changes have been made to FGB reporting that make it clearer if substantial deviation from the budget is occurring, or likely to occur, and allow for remedial steps to be taken.

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

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**b. RESERVES POLICY**

The Academy has not yet been able to establish formal reserves because of its early high growth. However the trustees seek to increase the cumulative carried forward surplus each year with the aim of eventually reaching a level of uncommitted funds equivalent to between one and two month's expenditure. This will provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion and contingency to deal with unexpected emergencies such as urgent maintenance. This will be done by continuing the practice of creating a zero start to budget planning every year, thus ensuring that any reserves are set aside. Strict adherence to budget and devolved responsibility for individual sub budget lines to key leaders at the end of last year and going forward have and will continue to support this process.

The aim of the Academy with regard to Capital Reserves is to create and carry forward a prudent level of reserves sufficient to replace/renew fixed assets and to cover future new capital expenditure.

**c. INVESTMENT POLICY AND PERFORMANCE**

The growth of the Academy and the consequent need to expand infrastructure has meant that the Academy has not had significant surplus funds for investment. The Trustees therefore have not yet considered a formal investment policy and do not consider the investment of surplus funds as a primary activity. The Academy's focus is to ensure that adequate cash balances are maintained in its bank accounts to cover day-to-day working capital and immediate capital expenditure requirements. An Investment policy will be considered as the Academy grows to optimise the return on any surplus or reserved funds and to protect the capital value against inflation, whilst ensuring that there is no risk of loss in the capital value.

**d. PRINCIPAL RISKS AND UNCERTAINTIES**

Outlined below are the principal risks and uncertainties that the Trustees believe the Academy faces together with the mitigation in place to limit the risk.

**1. Funding for the Academy**

The academy relies on continued government funding through the Education and Skills Funding Agency (ESFA) being at a level sufficient to cover the financial requirements of the Academy at a time of expansion from lower school to full primary school. This risk is largely out of the control of the Academy but the Academy has mitigated it in a number of ways:

- o Provision and ongoing development of the pre-school which provides a steady stream of restricted income.
- o Prudence and contingency planning embedded into a forward looking budgetary process.
- o A capital expenditure policy through which large capital purchases are rigorously tested against cash resources.

**2. Funding of pension liabilities**

The financial statements report the share of the local government pension scheme deficit on the academy's balance sheet in line with the requirements of FRS 102.

The academy takes professional advice on this position and makes appropriate contributions on the basis of that advice to ensure the deficit does not become unmanageable.

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

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**3. Pupil Numbers**

DFE funding is based principally on pupil numbers, so the Academy is reliant on local demographics, and parental preference to grow the Academy. It also has to consider local provision of competitive schooling. The Academy seeks to maintain its popularity with current and prospective pupils and parents by:

- o ensuring delivery of high quality education
- o regaining excellent success rates and 'Good' inspection outcomes
- o investing in its teaching staff and resources
- o development of a successful pre-school and out of hours provision
- o protecting its good reputation.

**4. Inadequate financial systems and controls**

The Academy has in place robust financial policies, processes and controls that have been tested over time. Oversight is maintained through a Responsible Officer appointed from within the Governing Body. This will change this year now that the Governing Board has appointed an external company to carry out this role.

A risk register has been developed covering the key identified risks, the likelihood of those risks occurring, their potential impact on the academy and the actions being taken to reduce and mitigate the risks. Risks are prioritised as low, medium and high using a consistent scoring system based on the residual risk after mitigation. This risk register is reviewed at least annually.

**Plans for future periods**

**a. FUTURE DEVELOPMENTS**

Having managed the move to Academy status and from lower to full primary school, the Headteacher and senior leadership team and the Governing Board have demonstrated an excellent capacity to manage change. The pace of change will continue with an ambitious programme in the next financial year. The principal plans are as follows: -

- Improvements to education focusing on areas identified in the Ofsted report, including continuing to increase the challenge to pupils and more consistency in teaching
- Embedding of the Autistic provision and restructuring of their management
- Strengthening the two year old provision of the pre-school
- Instil the good practice of HR and Pay review committee
- Development of Data analysis by Governing Board
- Improvement to frequency and robustness of Governor visits
- Development of break times as a time of constructive play for all

There has been much growth within the academy structure over the past few years. This has been due to high demand on pupil places and the expansion of the academy to Primary status. This will naturally settle this year as there are no further plans for expansion and most year groups are at capacity. The next period will be a time for embedding process and practice and establishing a constant staff structure that is effective in supporting the educational needs of our children.

The Academy is still not completely full, but growth during the next few years will be much steadier.

We have plans to develop the office space and renew the internal fabric of the kitchen. Also, we will need to look at more permanent solutions to some of the semi-permanent buildings we are currently using, but we envisage this a discussion to be had in a few years time.

This next period is one of consolidation and embedding.

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

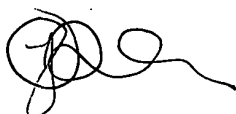
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**DISCLOSURE OF INFORMATION TO AUDITORS**

Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governors have 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 auditors are aware of that information.

The Governors' Report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 14 December 2017 and signed on its behalf by:



**Mrs Vicky Deller**  
**Chair of Governors**

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**ARDLEY HILL ACADEMY**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

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

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

**GOVERNANCE**

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Board of Governors has formally met 10 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
Mr Jeff Abraham	2	2
Mr Andrew J Bedwell	5	6
Mrs Emma Browne	2	2
Mrs Elaine Clinton, Vice Chair	8	10
Mrs Vicky Deller, Chair	10	10
Mrs Dee Dumbleton	4	4
Mrs Samantha Hitchcock	5	8
Mr Andrew Jones	2	2
Mr Gareth Mitchell	5	10
Mr Mike Mullany	8	10
Mrs Natalie Read, Staff Governor	8	10
Mr Ian Sawyer	9	10
Mrs Elizabeth Shipp	0	0
Mr Jonathan Smith, Head Teacher	10	10
Mr Michael Wilby, Staff Governor	8	10
Mr Neil Williams	7	10
Mrs Deborah Young	2	2

The Governing Board has reviewed the committee structure and in the 2016/2017 financial year has agreed to move to a simplified structure where the Governing Body will meet more frequently and only have three sub committees. These committees will be the Finance and Audit Committee, Strategic Committee and the Pay, Performance and HR Committee. The latter committee will aid the Governors in fulfilling their obligation to have arrangements in place for making pay decisions.



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**GOVERNANCE STATEMENT (continued)**

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The Finance and Audit Committee is a sub-committee of the main Board of Governors.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr Jonathan Smith, Head Teacher	4	5
Mrs Vicky Deller, Chair	5	5
Mrs Dee Dumbleton	1	1
Mr Andrew Jones	1	2
Mr Mike Mullany	5	5
Mr Ian Sawyer	5	5

The Strategic Committee is also a sub-committee of the main Board of Governors.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr Jonathan Smith, Head Teacher	3	3
Mr Mike Mullany	3	3
Mrs Elaine Clinton, Vice Chair	0	3
Mr Ian Sawyer	2	2
Mrs Vicky Deller, Chair	3	3

In addition, the Pay, Personnel and Performance Committee met on 7 occasions, the Standards Committee on 3 occasions and the Pupil Support Committee on 2 occasions.

#### **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 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 educational results
- Financial governance and oversight
- Better purchasing
- Reviewing controls and managing risk

Some of the highlighted ways in which the school has achieved value for money are:

- Regularly reviewing data in governing body meetings to monitor the impact of activities and funding streams
- Conducting financial benchmarking to compare the school's performance against that of similar schools
- Regularly reviewing contracts and service level agreements

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**ARDLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

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**GOVERNANCE STATEMENT (continued)**

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**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 Ardley Hill Academy 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 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 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 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 and Audit 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 Mr Ian Sawyer, a Governor, as Responsible Officer (RO). On a termly basis, the Responsible Officer reports to the Audit Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The RO visits are arranged with the Headteacher and the Business Finance Manager with a view to having at least three RO reports per Academic year, nominally termly, in order to achieve:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

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**ARDLEY HILL ACADEMY**  
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**GOVERNANCE STATEMENT (continued)**

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During Academic year 2016/2017 two RO reports were produced each compiled over separate visits and involved documenting the results for a series of spot checks covering; Payroll, Petty cash, Fixed Assets, Creditor and Debtor, Purchases, Income, Accounting system and the process by which financial reports are prepared for Governing Board review. During the checks the RO and Business Manager review the financial processes being followed and compare any changes to previous visits. Any observations and recommendations for possible changes are captured in the RO report which is made available to the Headteacher, Business Manager and the Governing Board. During this financial period, whilst there were no identified procedural issues, there was a larger than expected deficit reported resulting in a ESFA request for short term assistance.

**REVIEW OF EFFECTIVENESS**

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

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

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

Approved by order of the members of the Board of Governors on 14 December 2017 and signed on their behalf, by:



**Mrs Vicky Deller**  
**Chair of Governors**



**Mr Jonathan Smith**  
**Accounting Officer**

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**ARDLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Ardley Hill Academy I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2016.

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 ESFA.



**Mr Jonathan Smith**  
**Accounting Officer**

Date: 14 December 2017

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**ARDLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

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

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The Governors (who act as trustees of Ardley Hill Academy for the purposes of charity law and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills 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 2016 to 2017;
- 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 ESFA/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 14 December 2017 and signed on its behalf by:



**Mrs Vicky Deller**  
**Chair of Governors**

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**ARDLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

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

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**OPINION**

We have audited the financial statements of Ardley Hill Academy for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, 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.

**MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

We draw attention to note 1.2 in the financial statements, which states that the academy has a deficiency of general reserves at the Balance Sheet and has received a short-term advance from the ESFA to ensure it can continue to meet its liabilities as they fall due for payment. The academy has agreed a recovery plan with the ESFA, to repay the loan within the year, but this is dependent on the academy adhering to the budget which has been approved by the Governors for 2017/18. As stated in note 1.2, these events or conditions, along with the other matters as set forth in the note 1.2 indicate that a material uncertainty exists that may cast significant doubt on the academy's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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**ARDLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

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

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**OTHER INFORMATION**

The Governors 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 Governors' Report including the Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- the Governors' Report and the Strategic Report have 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 Governors' Report including the Strategic Report.

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

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

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**ARDLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

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

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**RESPONSIBILITIES OF TRUSTEES**

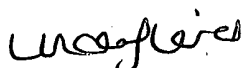
As explained more fully in the Statement of Governors' Responsibilities, the Governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors 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 Governors 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 Governors either intend to liquidate the academy's or to cease operations, or have no realistic alternative but to do so.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's report.



Linda J Lord (Senior Statutory Auditor)

for and on behalf of

**Streets Audit LLP**

Chartered Accountants Statutory Auditors

Potton House  
Wyboston Lakes  
Great North Road  
Wyboston  
Bedford  
MK44 3BZ

Date: 21 DECEMBER 2017



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**ARDLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ARDLEY HILL ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 12 September 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 Ardley Hill Academy 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 Ardley Hill Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Ardley Hill Academy and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Ardley Hill Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF ARDLEY HILL ACADEMY'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Ardley Hill Academy's funding agreement with the Secretary of State for Education dated 22 February 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's income and expenditure.

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**ARDLEY HILL ACADEMY**  
(A Company Limited by Guarantee)

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ARDLEY HILL ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**


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The work undertaken to draw our conclusions included:

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

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 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.



Linda J Lord

**Streets Audit LLP**

Chartered Accountants Statutory Auditors

Potton House  
Wyboston Lakes  
Great North Road  
Wyboston  
Bedford  
MK44 3BZ

Date: 21 DECEMBER 2017

**ARDLEY HILL ACADEMY**  
(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 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	31,438	6,005	357,334	394,777	589,394
Charitable activities	3	-	2,045,477	-	2,045,477	1,836,993
Other trading activities	4	18,643	-	-	18,643	14,751
Investments	5	165	-	-	165	217
<b>TOTAL INCOME</b>		<b>50,246</b>	<b>2,051,482</b>	<b>357,334</b>	<b>2,459,062</b>	<b>2,441,355</b>
<b>EXPENDITURE ON:</b>						
Raising funds:						
Voluntary income		31,786	593	-	32,379	33,382
Charitable activities		-	2,199,631	377,344	2,576,975	1,881,884
<b>TOTAL EXPENDITURE</b>	6, 7	<b>31,786</b>	<b>2,200,224</b>	<b>377,344</b>	<b>2,609,354</b>	<b>1,915,266</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	17	18,460 (109,725)	(148,742) 116,960	(20,010) (7,235)	(150,292) -	526,089 -
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		(91,265)	(31,782)	(27,245)	(150,292)	526,089
Actuarial losses on defined benefit pension schemes	22	-	(19,000)	-	(19,000)	(67,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>(91,265)</b>	<b>(50,782)</b>	<b>(27,245)</b>	<b>(169,292)</b>	<b>459,089</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		43,601	(160,559)	4,291,291	4,174,333	3,715,244
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>(47,664)</b>	<b>(211,341)</b>	<b>4,264,046</b>	<b>4,005,041</b>	<b>4,174,333</b>

**ARDLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 08006892**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	13		4,199,559		4,261,321
<b>CURRENT ASSETS</b>					
Debtors	14	136,870		480,526	
Cash at bank and in hand		248,522		337,765	
		<u>385,392</u>		<u>818,291</u>	
<b>CREDITORS: amounts falling due within one year</b>	15	(362,690)		(729,619)	
<b>NET CURRENT ASSETS</b>			<u>22,702</u>		<u>88,672</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>4,222,261</u>		<u>4,349,993</u>
<b>CREDITORS: amounts falling due after more than one year</b>	16		<u>(1,220)</u>		<u>(3,660)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>4,221,041</u>		<u>4,346,333</u>
Defined benefit pension scheme liability	22	(216,000)	<u>(216,000)</u>		<u>(172,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>4,005,041</u></u>		<u><u>4,174,333</u></u>

**ARDLEY HILL ACADEMY**  
(A Company Limited by Guarantee)

**BALANCE SHEET (continued)**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	17	4,659		11,441	
Restricted fixed asset funds	17	4,264,046		4,291,291	
Restricted income funds excluding pension liability		4,268,705		4,302,732	
Pension reserve		(216,000)		(172,000)	
Total restricted income funds			4,052,705		4,130,732
Unrestricted income funds	17		(47,664)		43,601
<b>TOTAL FUNDS</b>			<b>4,005,041</b>		<b>4,174,333</b>

The financial statements on pages 25 to 51 were approved by the Governors, and authorised for issue, on 14 December 2017 and are signed on their behalf, by:

  
Mrs Vicky Deller  
Chair of Governors

  
Mr Jonathan Smith  
Accounting Officer

**ARDLEY HILL ACADEMY**  
(A Company Limited by Guarantee)

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

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	19	(46,837)	782,016
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		165	217
Proceeds from the sale of tangible fixed assets		-	21,409
Purchase of tangible fixed assets		(42,571)	(551,974)
<b>Net cash used in investing activities</b>		(42,406)	(530,348)
<b>Change in cash and cash equivalents in the year</b>		(89,243)	251,668
Cash and cash equivalents brought forward		337,765	86,097
<b>Cash and cash equivalents carried forward</b>		248,522	337,765

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**ARDLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

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

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**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 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.

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

**1.2 Going concern**

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy 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

At 31 August 2017, the academy had unspent restricted funds of £4,659 and a deficit of General Funds amounting to £47,664 (2016 total free reserves were £55,042 comprising General Funds of £43,601, GAG funds of £9,023 and Restricted grants of £2,418). The budget Forecast Return for 2017/18 submitted to the ESFA showed an in-year surplus of £105,000 with an estimated brought forward deficit at 31 August 2017 of £95,000, 47,336 higher than the actual outturn in these accounts.

In August 2017, the ESFA agreed to provide a short-term advance of £100,000 which was received in September 2017. Under the terms of the recovery plan with the ESFA, the academy is due to repay in three instalments, with the final payment being due in June 2018.

The surplus forecast for 2017/18 is expected to be achieved by a reduction in staff costs and savings in other areas enabling the academy to generate free reserves in the forthcoming year. The governors consider that, with the support of the ESFA advance the going concern basis remains appropriate.

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**ARDLEY HILL ACADEMY**  
(A Company Limited by Guarantee)

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

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**1. ACCOUNTING POLICIES (continued)**

**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.

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

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

**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.

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

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.

All expenditure is inclusive of irrecoverable VAT.



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

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**1. ACCOUNTING POLICIES (continued)**

**1.5 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 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.

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:

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

Long-term leasehold property	-	2% straight line
Fixtures and fittings	-	25% straight line
Computer equipment	-	33% 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 incorporating Income and Expenditure Account.

**1.6 Operating leases**

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

**1.7 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.

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

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**1. ACCOUNTING POLICIES (continued)**

**1.8 Debtors**

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

**1.9 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 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. 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 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. 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 notes 15 and 16. 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.

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

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**1. ACCOUNTING POLICIES (continued)**

**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 incorporating Income and Expenditure Account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

**1.13 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 Governors.

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

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

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

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

**1. ACCOUNTING POLICIES (continued)**

**1.14 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 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 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**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	1,124	6,005	-	7,129	1,644
Capital grants	-	-	-	-	549,000
Government grants	-	-	357,334	357,334	7,658
Other voluntary income	30,314	-	-	30,314	31,092
	<b>31,438</b>	<b>6,005</b>	<b>357,334</b>	<b>394,777</b>	<b>589,394</b>
<i>Total 2016</i>	<i>31,092</i>	<i>1,644</i>	<i>556,658</i>	<i>589,394</i>	

**ARDLEY HILL ACADEMY**  
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**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 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	1,309,125	1,309,125	1,276,678
Other DfE/ESFA Grants	-	158,145	158,145	159,654
Local Authority Early Years Funding	-	167,507	167,507	137,332
Local Authority Revenue Grants	-	240,137	240,137	115,376
Catering Income	-	32,015	32,015	21,983
Shop Income	-	750	750	3,180
School Club Income	-	132,764	132,764	108,790
Trainee Grant Income	-	5,034	5,034	14,000
	-	2,045,477	2,045,477	1,836,993
<i>Total 2016</i>	-	1,836,993	1,836,993	

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lettings income	18,643	-	18,643	13,611
Educational consulting	-	-	-	1,140
	18,643	-	18,643	14,751
<i>Total 2016</i>	14,751	-	14,751	

**5. INVESTMENT INCOME**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank account interest	165	-	165	217
<i>Total 2016</i>	217	-	217	

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

**6. EXPENDITURE**

	<b>Staff costs 2017 £</b>	<b>Premises 2017 £</b>	<b>Other costs 2017 £</b>	<b>Total 2017 £</b>	<i>Total 2016 £</i>
Expenditure on raising voluntary income	-	-	32,379	32,379	33,382
Funding for educational o:					
Direct costs	1,227,390	-	137,309	1,364,699	1,115,942
Support costs	561,631	301,690	334,814	1,198,135	755,419
	<u>1,789,021</u>	<u>301,690</u>	<u>504,502</u>	<u>2,595,213</u>	<u>1,904,743</u>
<i>Total 2016</i>	<u>1,479,250</u>	<u>137,154</u>	<u>288,339</u>	<u>1,904,743</u>	

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

**7. CHARITABLE ACTIVITIES**

	2017 £	2016 £
<b>DIRECT COSTS</b>		
Wages and salaries	1,040,217	874,145
National insurance	81,596	55,138
Pension cost	105,577	91,032
Educational supplies	71,987	58,351
Agency staff costs	3,422	630
Staff development	21,771	17,868
Other direct costs (PreSchool, Holiday Club, Star Club etc)	40,129	18,778
	<u>1,364,699</u>	<u>1,115,942</u>
<b>SUPPORT COSTS</b>		
Wages and salaries	399,393	367,113
National insurance	18,386	14,876
Pension costs	143,852	76,946
Depreciation	104,333	86,939
Net interest cost on pension scheme	3,000	4,000
Technology costs	37,000	18,734
Roofing repairs (CIF funded)	272,540	-
Maintenance of premises and equipment	42,037	48,852
Insurance proceeds for disposal of equipment following flood	(5,868)	(21,409)
Cleaning	39,706	27,548
Security and transport	4,147	-
Recruitment and support	-	17,018
Rent and rates	11,953	1,129
Energy costs	17,197	20,121
Insurance	12,293	12,121
Catering	41,205	29,303
Telephone, postage and stationery	16,342	15,072
Professional fees	23,029	15,505
Other costs	17,590	21,551
	<u>1,198,135</u>	<u>755,419</u>
	<u><u>2,562,834</u></u>	<u><u>1,871,361</u></u>

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

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**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	104,333	88,461
Auditors' remuneration - audit	7,000	6,500
Auditors' remuneration - other services	3,325	2,075
Governor training costs	1,191	926
	<u>115,849</u>	<u>97,962</u>



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

**9. STAFF COSTS**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	1,436,188	1,240,628
Social security costs	99,982	70,014
Operating costs of defined benefit pension schemes	249,429	167,978
	<u>1,785,599</u>	<u>1,478,620</u>
Supply teacher costs	3,422	630
	<u>1,789,021</u>	<u>1,479,250</u>

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

	2017 No.	2016 No.
Management	3	3
Teaching	22	23
Administration	78	70
	<u>103</u>	<u>96</u>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Management	3	3
Teaching	15	11
Administration	44	38
	<u>62</u>	<u>52</u>

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

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

The above employee participated in the Teachers' Pension Scheme.

The key management personnel of the academy trust comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £274,130 for five members of the senior management team (2016: £220,206 for four members of the senior management team).

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

**10. GOVERNORS' REMUNERATION AND EXPENSES**

One or more Governors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Governors. The value of Governors' remuneration and other benefits was as follows:

		2017 £	2016 £
Mr Jonathan Smith	Remuneration	65,000-70,000	60,000-65,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Mrs Natalie Read	Remuneration	50,000-55,000	45,000-50,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Mr Michael Wilby	Remuneration	10,000-15,000	5,000-10,000
	Pension contributions paid	0-5,000	0-5,000
Mrs Leanne Golder	Remuneration		0-5,000
	Pension contributions paid		0-5,000
Ms Michelle Steadman	Remuneration		5,000-10,000
	Pension contributions paid		0-5,000

During the year, no Governors received any benefits in kind or reimbursed expenses (2016 - £NIL).

**11. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2017 was £988 (2016 - £931).

**12. OTHER FINANCE INCOME**

	2017 £	2016 £
Interest income on pension scheme assets	8,000	9,000
Interest on pension scheme liabilities	(11,000)	(13,000)
	<u>(3,000)</u>	<u>(4,000)</u>

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

**13. TANGIBLE FIXED ASSETS**

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2016	4,528,092	28,597	54,007	4,610,696
Additions	-	34,617	7,954	42,571
At 31 August 2017	4,528,092	63,214	61,961	4,653,267
<b>Depreciation</b>				
At 1 September 2016	291,252	22,248	35,875	349,375
Charge for the year	80,702	11,941	11,690	104,333
At 31 August 2017	371,954	34,189	47,565	453,708
<b>Net book value</b>				
At 31 August 2017	4,156,138	29,025	14,396	4,199,559
At 31 August 2016	4,236,840	6,349	18,132	4,261,321

Included in land and buildings is leasehold land at valuation of £493,000 (2016 £493,000) which is not depreciated.

**14. DEBTORS**

	2017 £	2016 £
Trade debtors	6,716	1,876
VAT recoverable	34,717	22,179
Prepayments and accrued income	95,437	456,471
	<u>136,870</u>	<u>480,526</u>

Accrued income in 2016 included £305,000 for the grant awarded by the Local Authority, but not received, at the balance sheet date for the development of the ASC Unit and £84,000 insurance proceeds.

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

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

	2017 £	2016 £
Salix loan	8,540	6,100
Trade creditors	126,251	20,372
Other taxation and social security	24,842	21,713
Other creditors	126,009	110,858
Accruals and deferred income	77,048	570,576
	<u>362,690</u>	<u>729,619</u>

Accruals includes the value of work done on the ASC Unit as at 31 August 2016.

	2017 £	2016 £
<b>Deferred income</b>		
Deferred income at 1 September 2016	87,347	-
Resources deferred during the year	(87,347)	87,347
Amounts released from previous years	32,230	(34,446)
	<u>32,230</u>	<u>52,901</u>
Deferred income at 31 August 2017		

Deferred income primarily comprised the advance Universal Infant Free School Meals grant. In 2016, there was also deferred grants towards staffing costs for the ASC unit, Devolved Formula Capital income and income in advance of School trips.

**16. CREDITORS: Amounts falling due after more than one year**

	2017 £	2016 £
Salix loan	<u>1,220</u>	<u>3,660</u>

Included within the above are amounts falling due as follows:

	2017 £	2016 £
<b>Between two and five years</b>		
Salix loan	<u>1,220</u>	<u>3,660</u>

During the year ended 31 August 2014, the Academy took out a Salix loan via the EFA (now ESFA) for heating improvements. The loan was interest free and was due to be repaid by eight equal instalments commencing March 2015. No repayments had been made at 31 August 2017.

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

**17. STATEMENT OF FUNDS**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>						
General Funds	43,601	50,246	(31,786)	(109,725)	-	(47,664)
<b>Restricted funds</b>						
General Annual Grant (GAG)	9,023	1,309,125	(1,435,108)	116,960	-	-
Government grants	-	325,652	(325,652)	-	-	-
Catering	-	32,015	(32,015)	-	-	-
School clubs	-	122,161	(122,161)	-	-	-
Local Authority grants - General	-	171,542	(171,542)	-	-	-
Local Authority grants - ASC	2,418	67,997	(70,415)	-	-	-
Friends of Ardley Hill	-	6,005	(1,346)	-	-	4,659
Other restricted income	-	16,985	(16,985)	-	-	-
Pension reserve	(172,000)	-	(25,000)	-	(19,000)	(216,000)
	<u>(160,559)</u>	<u>2,051,482</u>	<u>(2,200,224)</u>	<u>116,960</u>	<u>(19,000)</u>	<u>(211,341)</u>
<b>Restricted fixed asset funds</b>						
Fixed Assets	4,261,321	-	(104,333)	42,571	-	4,199,559
DfE/EFA capital grants	-	13,072	(471)	(12,601)	-	-
Capital expenditure from Local Authority	29,970	-	-	(29,970)	-	-
CIF Grant	-	344,262	(272,540)	(7,235)	-	64,487
	<u>4,291,291</u>	<u>357,334</u>	<u>(377,344)</u>	<u>(7,235)</u>	<u>-</u>	<u>4,264,046</u>
Total restricted funds	<u>4,130,732</u>	<u>2,408,816</u>	<u>(2,577,568)</u>	<u>109,725</u>	<u>(19,000)</u>	<u>4,052,705</u>
Total of funds	<u>4,174,333</u>	<u>2,459,062</u>	<u>(2,609,354)</u>	<u>-</u>	<u>(19,000)</u>	<u>4,005,041</u>

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

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
<b>Unrestricted funds</b>						
General Funds	27,436	46,060	(29,895)	-	-	43,601
	<u>27,436</u>	<u>46,060</u>	<u>(29,895)</u>	<u>-</u>	<u>-</u>	<u>43,601</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	1,276,678	(1,242,369)	(25,286)	-	9,023
Other DfE/ESFA grants	-	159,654	(159,654)	-	-	-
Local Authority grants - General	-	187,848	(187,848)	-	-	-
Local Authority grants - ASC	-	64,860	(62,442)	-	-	2,418
Other restricted income	-	15,644	(15,644)	-	-	-
Pension reserve	(110,000)	-	5,000	-	(67,000)	(172,000)
	<u>(110,000)</u>	<u>1,704,684</u>	<u>(1,662,957)</u>	<u>(25,286)</u>	<u>(67,000)</u>	<u>(160,559)</u>
<b>Restricted fixed asset funds</b>						
Fixed Assets	3,797,808	-	(88,461)	551,974	-	4,261,321
DfE/EFA capital grants	-	7,658	-	(7,658)	-	-
Capital expenditure from Local Authority	-	549,000	-	(519,030)	-	29,970
	<u>3,797,808</u>	<u>556,658</u>	<u>(88,461)</u>	<u>25,286</u>	<u>-</u>	<u>4,291,291</u>
Total restricted funds	<u>3,687,808</u>	<u>2,261,342</u>	<u>(1,751,418)</u>	<u>-</u>	<u>(67,000)</u>	<u>4,130,732</u>
Total of funds	<u>3,715,244</u>	<u>2,307,402</u>	<u>(1,781,313)</u>	<u>-</u>	<u>(67,000)</u>	<u>4,174,333</u>

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

**General Funds:**

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

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

**17. STATEMENT OF FUNDS (continued)**

**Restricted Funds:**

The Academy received a number of grants during the year for the purpose of providing educational services to its pupils. These grants have been used for staff costs, educational resources and general costs incurred in the running of the Academy.

The Academy Trust received other restricted income for the provision of educational training and support which have been used in accordance with the wishes of the donors.

**Restricted Fixed Asset Funds:**

The Academy received Devolved Capital Formula funding to be spent on repairs and the purchase of new equipment which has been fully utilised in the year. Assets which are capitalised in the accounts are represented by a separate fund within the Fixed Asset Reserve.

In 2015/16, the Academy Trust received a grant of £549,000 from the Central Bedfordshire Council, for the construction of a specialist unit for pupils with Autistic Spectrum Condition (ASC). At 31 August 2016, £519,030 had been spent on construction costs, and the remaining £29,070 was utilised in 2016/17.

In 2016/17, the Academy Trust was awarded a Condition Improvement Fund (CIF) grant to assist with the costs of replacing the roof of the school. At the balance sheet date, work valued at £279,775 had been completed. The remaining work is being undertaken in the autumn term and the balance of CIF funds is expected to be fully utilised in the forthcoming year.

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	4,199,559	4,199,559
Current assets	316,246	4,659	64,487	385,392
Creditors due within one year	(362,690)	-	-	(362,690)
Creditors due in more than one year	(1,220)	-	-	(1,220)
Provisions for liabilities and charges	-	(216,000)	-	(216,000)
	<u>(47,664)</u>	<u>(211,341)</u>	<u>4,264,046</u>	<u>4,005,041</u>

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**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	2016	2016	2016	2016
	£	£	£	£
Tangible fixed assets	-	-	4,261,321	4,261,321
Current assets	18,509	769,812	29,970	818,291
Creditors due within one year	25,092	(754,711)	-	(729,619)
Creditors due in more than one year	-	(3,660)	-	(3,660)
Provisions for liabilities and charges	-	(172,000)	-	(172,000)
	<u>43,601</u>	<u>(160,559)</u>	<u>4,291,291</u>	<u>4,174,333</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)	(150,292)	526,089
<b>Adjustment for:</b>		
Depreciation charges	104,333	88,461
Dividends, interest and rents from investments	(165)	(217)
Profit on the sale of fixed assets	-	(21,409)
Decrease/(increase) in debtors	343,656	(422,227)
(Decrease)/increase in creditors	(369,369)	616,319
Defined benefit pension scheme cost less contributions payable	22,000	(9,000)
Defined benefit pension scheme finance cost	3,000	4,000
<b>Net cash (used in)/provided by operating activities</b>	<u>(46,837)</u>	<u>782,016</u>

**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Cash in hand	248,522	337,765
<b>Total</b>	<u>248,522</u>	<u>337,765</u>



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**21. CAPITAL COMMITMENTS**

At 31 August 2017 the academy had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	-	29,970

**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 Bedford Borough Council. Both are Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £28,164 were payable to the schemes at 31 August 2017 (2016 - 22,135) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

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**22. PENSION COMMITMENTS (continued)**

- 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 £105,577 (2016 £91,032).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £140,000 (2016 - £104,000), of which employer's contributions totalled £114,000 (2016 - £85,000) and employees' contributions totalled £26,000 (2016 - £19,000). The agreed contribution rates for future years are 24.9% for employers and a variable rate for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	1.90 %
Rate of increase in salaries	2.70 %	3.00 %
Rate of increase for pensions in payment / inflation	2.40 %	2.00 %

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	22.4	22.4
Females	24.5	24.3
Retiring in 20 years		
Males	24.0	24.4
Females	26.2	26.8

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**22. PENSION COMMITMENTS (continued)**

<b>Sensitivity analysis</b>	<b>At 31 August 2017 £</b>	<b>At 31 August 2016 £</b>
Discount rate -0.1%	(19,000)	(8,000)
Mortality assumption - 1 year increase	-	15,000
Salary increase +0.1%	1,000	1,000
CPI rate +0.1%	18,000	6,000

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

	<b>Fair value at 31 August 2017 £</b>	<b>Fair value at 31 August 2016 £</b>
Equities	297,000	261,000
Bonds	78,000	34,000
Property	47,000	34,000
Cash and other liquid assets	99,000	10,000
<b>Total market value of assets</b>	<b>521,000</b>	<b>339,000</b>

The actual return on scheme assets was £8,000 (2016 - £9,000).

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

	<b>2017 £</b>	<b>2016 £</b>
Current service cost	(136,000)	(76,000)
Interest income	8,000	9,000
Interest cost	(11,000)	(13,000)
<b>Total</b>	<b>(139,000)</b>	<b>(80,000)</b>
<b>Actual return on scheme assets</b>	<b>8,000</b>	<b>9,000</b>

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**22. PENSION COMMITMENTS (continued)**

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

	2017 £	2016 £
Opening defined benefit obligation	511,000	313,000
Current service cost	136,000	76,000
Interest cost	11,000	13,000
Employee contributions	26,000	19,000
Actuarial losses	68,000	101,000
Benefits paid	(15,000)	(11,000)
	<u>737,000</u>	<u>511,000</u>
Closing defined benefit obligation	<u>737,000</u>	<u>511,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	339,000	203,000
Interest income	8,000	9,000
Actuarial losses	49,000	34,000
Employer contributions	114,000	85,000
Employee contributions	26,000	19,000
Benefits paid	(15,000)	(11,000)
	<u>521,000</u>	<u>339,000</u>
Closing fair value of scheme assets	<u>521,000</u>	<u>339,000</u>

**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 £
<b>Amounts payable:</b>		
Within 1 year	17,652	3,876
Between 1 and 5 years	9,486	25,125
	<u>27,138</u>	<u>29,001</u>
Total	<u>27,138</u>	<u>29,001</u>

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**24. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy's operations and the composition of the Board of Governors 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.

The following related party transactions took place during the year:

The daughter of I Sawyer (Governor and Responsible Officer) is employed by the Academy. The appointment was made prior to Mr Sawyer taking up his appointments and followed the Academy's staff recruitment policy. The value of remuneration fell within the band £50,000 - £55,000 (2016 £45,000 - £50,000).

Ardley Hill Academy Association - donations received totalling £6,005 (2016 £1,662).

**25. MEMBERS' LIABILITY**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.