



**West Nottinghamshire Educational Trust  
(A Company Limited by Guarantee)**

**Annual Report  
and Financial Statements**

**For the period to 31 August 2015**



Company Registration Number: 08337041(England & Wales)

## West Nottinghamshire Educational Trust

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## West Nottinghamshire Educational Trust

### Reference and Administrative Details

Members: Dame Asha Khemka  
Patricia Harman  
Andrew Martin

Trustees: Dame Asha Khemka (Chair)  
Patricia Harman  
Andrew Martin  
Heather Scott (ex-officio)

Company Secretary: Maxine Bagshaw

Senior Management:

- Principal Heather Scott
- Assistant Principal Emmett Bunting

Company Name: West Nottinghamshire Educational Trust

Registered Office: C/o West Nottinghamshire College  
Derby Road  
Mansfield  
Notts  
NG18 5BH

Company Registration Number: 08337041

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

Bankers: Lloyds Bank  
PO Box 1000  
Andover  
BX1 1LT

Solicitors: Freeths LLP  
Power House  
Harrison Close  
Knowlhill  
Milton Keynes MK5 8PA

## **Trustees' Report**

The trustees present the annual report together with the financial statements and auditors' report of West Nottinghamshire Educational Trust a charitable company for the period from 01 September 2014 to 31 August 2015. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The trust operates a Studio School Academy specialising in Engineering and health and care occupations for pupils aged 14 to 19 serving the catchment areas of Mansfield and Ashfield. It has a pupil capacity of 300 and had a roll of 125 on the census in September 2014 which was the first full year of opening.

### **Structure, Governance and Management**

#### **Constitution**

The West Nottinghamshire Educational Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The trustees of West Nottinghamshire Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Vision Studio School. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 2.

#### **Members Liability**

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

#### **Trustees' Indemnities**

No indemnities have been entered into by the Academy with third parties on behalf of Trustees.

#### **Method of Recruitment and Appointment or Election of Trustees**

For the period covered by the annual report, the Academy Trust has comprised three Sponsor Trustees, appointed by West Nottinghamshire College as Principal Sponsor, and an ex officio, the Academy's Principal. Additional Trustees have been appointed in line with the Articles of Association.

The Academy Trust may have the following Trustees:-

- Up to six Sponsor Trustees, to be appointed by West Nottinghamshire College as Principal Sponsor.
- Two Parent Trustees, to be elected by parents of the registered students at the Academy.

- One Staff Trustee, to be elected under arrangements approved by the Governing Body.
- The Principal of the Academy.
- Any additional or further Trustees who may from time to time, and in accordance with relevant provisions of the Academy's Articles of Association, be appointed by the Secretary of State for Education.

### **Policies and Procedures Adopted for the Induction and Training of Trustees**

The academy trust provides an induction and an ongoing programme of development aimed at improving the capacity of the Board and to ensure overall effectiveness. The programme of training is determined by the Trustees with input and support from the Company Secretary.

### **Organisational Structure**

West Nottinghamshire Educational Trust is a new Academy which opened on 01 September 2014 to its first intake of students.

The management structure consists of three levels; the Trustees, the Senior Leadership Team and the Extended Leadership Team. The aim of this management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Principal is the Accounting Officer for the academy and reports directly to the Chair of the Board of Trustees.

### **Related Parties and other Connected Charities and Organisations**

West Nottinghamshire Educational Trust is sponsored by West Nottinghamshire College. The sponsor provides strategic support, makes appointments of Trustees and makes available facilities and support. Where such support is chargeable, it is in line with the Academies Financial Handbook.

### **Objectives and Activities**

#### **Objectives and Aims**

The principal objectives and activity of the West Nottinghamshire Educational Trust is to provide education of students of different abilities between the ages of 14 and 19 with an emphasis on engineering and health care occupations.

In accordance with the articles of association, the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should align itself with the substance of the national curriculum.

The main objectives of the Trustees during the period ended 31 August 2015 was to secure and engage students up to the volume of the published admission number of 125 at the point of opening on 01 September 2014.

The Trustees have overseen the development of policies to ensure that:-

- Every child enjoys the same high quality education in terms of resourcing, tuition and care;
- All students achieve their maximum potential educationally;
- The Academy is effective by developing the curriculum and organisation structure;
- Value for money for the funds expended;
- The Academy will comply with all appropriate statutory and curriculum requirements;
- Close links with industry and commerce are established; and
- The Academy's business is conducted in accordance with the highest standards of integrity, probity and openness.

The Trustees are aware of and have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the public benefit guidance published by the Charities Commission.

### **Public Benefit**

The principal object of the company is to operate West Nottinghamshire Educational Trust to advance for public benefit education for students of different abilities between the ages of 14 and 19 with an emphasis on engineering and health care. The Trustees confirm that they have referred to the Charities Commission general guidance on public benefit when establishing the Academy's aims and objectives.

Students of the academy are educated at no cost to parents of children from the Mansfield area. The Academy will consider all applications for places and will not select on the basis of ability for admission at year 10 and year 12.

## **Strategic Report**

### **Achievements and Performance**

During the accounting period the Trust has achieved a successful launch of the Vision Studio School, meeting its targeted student numbers and preparing a learning environment fit for purpose. The School is properly resourced through facilities, staffing and learning resource materials to enable students to learn and flourish in the school environment.

The Trustees and Senior Leadership have developed the structure, curriculum and processes to enable Vision Studio School has been able to effectively operate from 01 September 2014.

During this time, the School has establishment the necessary policies and procedures, recruited students, secured the engagement of employers and appointed staff to enable students to commence their programmes of study at the beginning of the academic year.

In addition, the School has secured premises under long term lease which have been refurbished under a grant provided by the Education Funding Agency to create an appropriate learning

environment.

At the point of signing these financial statements, the academy does not yet have student outcomes which can be measured against the targets that have been established by the Trustees. The academy has not at this stage been inspected by the inspectorate but has received two satisfactory monitoring visits through the regulator.

### **Going Concern**

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

### **Financial Review**

The Academy receives the majority of its income from the Education Funding Agency in the form of recurrent grants, most of which is provided for restricted purposes. The grants received in the period are shown with their associated expenditure in the Statement of Financial Activities as restricted funds.

The academy has also received significant grants from the EFA for capital items, predominantly to enable to refurbishment and upgrading of the main school building. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005) such grants are shown as restricted funds under fixed assets in the Statement of Financial Activities. Depreciation is charged of the useful economic life of the asset as set out in the accounting policies note.

During the period to 31 August 2015, total expenditure against restricted general funds of £891,070 was covered by recurrent grants leading to a surplus in the restricted general fund in the year of £66,576. Reserves brought forward of £53,275 contributes to the balance of restricted general reserves at £119,851 at the balance sheet date.

Incoming resources against the restricted fixed asset fund of £1,628,485 has been charged with depreciation of £127,189 to provide a balance on fixed asset restricted reserves of £1,501,296 for the financial year. Brought forward restricted fixed asset reserves of £431,114 provides accumulated restricted fixed asset reserves of £1,932,410 as at the balance sheet date.

### **Reserves Policy**

The Trustee's policy is the review the reserve levels of the academy annually. The policy of the academy is to carry forward a prudent level of resources designed to meet the medium and long term cyclical costs of operating the school to protect against unforeseen events and provide future contributions towards capital investment and school development.

### **Investment Policy**

The Trustees seek to ensure that any surplus funds are deposited to maximise financial return whilst minimising risk to provide a safe secure investment strategy.

### **Principal Risks and Uncertainties**

The principal risk that the new Academy faces is in relation to continued recruitment of a sufficient number of students into its second and third year of operation to reach capacity. In addition, the academy must ensure that the quality of provision and student experience is of the highest standards to meet future external scrutiny and assessment.

The Academy is situated in a building which has been refurbished with capital grant support from the EFA. The building is over one hundred years old and presents problems associated with a building of this age. The Trustees have commissioned a maintenance survey to ensure that there is a clear appraisal of the building condition and the resources required to ensure it meets all applicable standards.

The current employees and future academic employees of the Academy will be members of the Teachers' Pension Scheme which is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is substantially a level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

The pension arrangements for administrative support staff are eligible for admission to the Nottinghamshire County Council Local Government Pension Scheme which is a defined benefit funded pension scheme.

### **Plans for the Future**

The academy has recently appointed an interim Principal following the departure of the original Principal during the summer of 2015. The Trustees have commenced a search for the next Principal which it expects will be in place after Easter of 2016. During the period, the interim Principal has been tasked with focusing upon the key performance objectives of the School to ensure good quality provision, good attendance, good behaviour, good student attainment and a fulfilling student experience including the further development of work placements.



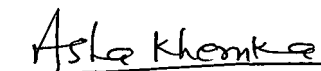
## Auditor

The Trustees reappointed Mazars LLP as auditors for the Academy for the second period of account to 31 August 2015.

In so far as the Trustees are aware:-

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

Trustees' report, approved by order of the Board of Trustees, as the Company directors on 16 December 2015 and signed on the board's behalf by:



Dame Asha Khemka OBE

Trustee

Date 16 December 2015

## Governance Statement

### Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between West Nottinghamshire Educational Trust and the Secretary of State for Education. The Principal is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### Governance

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

Trustee	Meetings Attended	Out of a Possible
Dame Asha Khemka (Chair)	10	11
Patricia Harman	11	11
Andrew Martin	10	11
Andy Campbell (resigned 09/07/15) (Principal & Accounting Officer)		
Heather Scott (appointed 20/08/15) (Interim Principal & Accounting Officer)	11	11

The board of trustees carry out a regular review of governance through a self-evaluation process which has taken place for the first time during the 2014/15 financial year.

The Finance Committee is a sub-committee of the main board of trustees. Its purpose is to have responsibility for the financial and operational management of the West Nottinghamshire Educational Trust including oversight of the premises, resources and staffing (personnel). Attendance at meetings in the year was as follows:

Trustee	Meetings Attended	Out of a Possible
Andrew Martin (Chair)	2	2
Andy Campbell (resigned 09/07/15)	2	2
Neil Robinson (co-opted)	1	1

## **Review of Value for Money**

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

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

- Securing shared service provision through the sponsor to provide professional back office services that would otherwise not be economically affordable by the academy alone
- Developing a set of key performance indicators to enable trustees to monitor the impact that resources have had on the outcomes for the school
- Supported the accurate management and reporting of school data by selecting and implementing performance indicator software for management and Governor usage.
- Supporting the development of a School finance committee with appropriate external support to provide additional review of financial costs and income with a particular reference of achieving improved value for money.
- Supported the use of purchasing frameworks for major school purchasing to ensure compliance and competitive pricing across a number of consumable product categories including energy, furniture and computer equipment.

## **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently and economically. The system of internal control has been in place in West Nottinghamshire Educational Trust for the period from 01 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

## **Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period from 01 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

## The Risk and Control Framework

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

- Budgetary and monitoring systems with a budget for the financial year with subsequent forecast for the next two financial years, and periodic financial reports which are received and agreed by the Trustees; and
- Identification and management of risks.
- Regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines; and
- Delegation of authority and segregation of duties.

The board of trustees has considered the need for a specific internal audit function and has decided:

- Not to appoint an internal auditor. However, the trustees have appointed Mazars LLP, the external auditor of perform additional checks.

## Review of Effectiveness

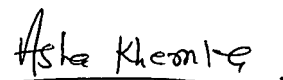
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:-

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

Approved by order of the members of the trustees on 16 December 2015 and signed on its behalf by



Heather Scott  
Accounting Officer



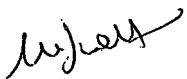
Dame Asha Khemka OBE  
Trustee

## Statement on Regularity, Propriety and Compliance

As accounting officer of West Nottinghamshire Educational Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



**Heather Scott**

Accounting Officer  
**16 December 2015**

## **Statement of Trustees' Responsibilities**

The trustees (who act as trustees for charitable activities of West Nottinghamshire Educational Trust and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency (EFA), United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and, expenditure, for that period. In preparing these financial statements, the trustees are required to:-

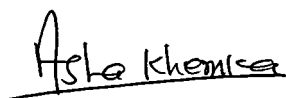
- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 16 December 2015 and signed on its behalf by:-



**Dame Asha Khemka OBE**  
**Trustee**

## **Independent auditor's report to the Trustees of West Nottinghamshire Educational Trust**

We have audited the financial statements of West Nottinghamshire Educational Trust for the year ended 31 August 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of trustees and auditors**

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the trustees as a body. Our audit work has been undertaken so that we might state to the 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 Trust and the members as a body for our audit work, for this report, or for the opinions we have formed.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

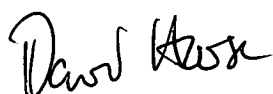
### **Opinion on the other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

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



David Hoose (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Park View House  
58 The Ropewalk  
Nottingham  
NG1 5DW

Date: 18 December 2015



## **Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of West Nottinghamshire Educational Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 14 August 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by West Nottinghamshire Educational Trust during the period 1 September 2014 to 31 August 2015 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 West Nottinghamshire Educational Trust and the EFA in accordance with the terms of our engagement letter dated 14 August 2015. Our work has been undertaken so that we might state to West Nottinghamshire Educational Trust and the EFA those matters we are required to state to it 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 West Nottinghamshire Educational Trust and the EFA, for our review work, for this report, or for the opinion we have formed.

### **Respective responsibilities of West Nottinghamshire Educational Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of West Nottinghamshire Educational Trust's funding agreement with the Secretary of State for Education dated 7<sup>th</sup> February 2014 and the Academies Financial Handbook, extant from 1 September 2014, 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 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

A summary of the work we have undertaken is as follows:

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

### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

*Mazars LLP*

David Hoose  
Reporting Accountant  
Mazars LLP  
Park View House  
58 The Ropewalk  
Nottingham  
NG1 5DW

Date: 18 December 2015

## Statement of Financial Activities for the period to 31 August 2015

(Including Income and Expenditure Account and Statement of Recognised Gains and Losses)


	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000	Total 2014 £000
<b>Incoming Resources</b>						
<i>Incoming resources from generated funds:</i>						
- Voluntary Income	3	0.00	0.00	750.00	750.00	0.00
- Activities for generating funds	4	0.00	9.93	0.00	9.93	0.00
- Investment Income	5	1.82	0.00	0.00	1.82	0.40
<i>Incoming resources from charitable activities:</i>						
- Funding for the Academy Trusts educational operations	6	0.00	948.72	1,057.80	2,006.52	750.09
<b>Total Incoming Resources</b>		1.82	958.65	1,807.80	2,768.26	750.49
<b>Resources Expended</b>						
<i>Cost of Generating Funds:</i>						
- Cost of Generating Voluntary Income		0.00	0.00	0.00	£0.00	0.00
<i>Charitable Activities:</i>						
- Academy Trust Educational Operations	8	0.00	873.03	127.19	1,000.22	259.32
Governance Costs	9	0.00	18.04	0.00	18.04	6.39
<b>Total Resources Expended</b>	7	0.00	891.07	127.19	1,018.26	265.71
<b>Net Income/(Expenditure) for the year</b>		1.82	67.58	1,680.61	1,750.00	484.78
<b>Other recognised gains and losses</b>						
Actuarial (losses) on defined benefit pension schemes	17,28	0.00	(1.00)	0.00	(1.00)	0.00
<b>Net Movement in Funds</b>		1.82	66.58	1,680.61	1,749.00	484.78
<b>Reconciliation of Funds</b>						
Total funds brought forward at 01 September		0.40	53.27	431.11	484.78	0.00
Total funds carried forward at 31 August		2.22	119.85	2,111.72	2,233.79	484.78

All of the Academy's activities derive from continuing operations during the above financial period.

## Balance sheet as at 31 August 2015

	Note	2015 £000	2015 £000	2014 £000	2014 £000
<b>Fixed Assets</b>					
Tangible Assets	13		1,932.41		431.11
<b>Current Assets</b>					
Stocks	14	0.00		0.00	
Debtors	15	97.31		412.86	
Cash in Hand		603.08		98.85	
		<b>700.38</b>		<b>511.71</b>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	16	(396.00)		(458.04)	
<b>Net Current Assets</b>			<b>304.38</b>		<b>53.67</b>
<b>Total Assets less Current Liabilities</b>			<b>2,236.79</b>		<b>484.78</b>
<b>Net assets excluding pension liability</b>			<b>2,236.79</b>		<b>484.78</b>
Pension scheme liability	28		(3.00)		0.00
<b>Net Assets including pension liability</b>			<b>2,233.79</b>		<b>484.78</b>
<b>Funds of the Academy Trust:</b>					
Fixed Asset Fund	17	2,111.72		431.11	
General Fund	17	122.85		53.27	
Pension Reserve	17,28	(3.00)		0.00	
<b>Total restricted funds</b>			<b>2,231.57</b>		<b>484.38</b>
<b>Unrestricted Income Funds:</b>					
General Fund	17	2.22		0.40	
<b>Total unrestricted funds</b>			<b>2.22</b>		<b>0.40</b>
<b>Total Funds</b>			<b>2,233.79</b>		<b>484.78</b>

The financial statements on pages 21 to 38 were approved by the Trustees, and authorised for issues on 16 December 2015 and are signed on their behalf by:



**Dame Asha Khemka OBE**  
Trustee

## Cash flow statement for the period ended 31 August 2015

	Note	2015	2014
		£000	£000
<b>Net Cash Inflow from Operating Activities</b>	21	323.09	79.47
Returns on investments and Servicing of Finance	22	1.82	0.40
Cash flows from Capital Expenditure	23	179.31	18.98
Increase in cash in the year	24	<u>504.22</u>	<u>98.85</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 01 September		98.86	0.00
<b>Net funds at 31 August</b>		<u><b>603.08</b></u>	<u><b>98.85</b></u>

## Notes to the Financial Statements for the period ended 31 August 2015

### 1. Statement of Accounting Policies

#### Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

#### Going Concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

#### Incoming Resources

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted fund.

Capital grants are recognised when receivable 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**

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

- **Other Income**

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

- **Donated Facilities**

Upon opening, the Trust received the use under long term lease of its main teaching building from its sponsor, West Nottinghamshire College. Due to the length of the lease, the value of this asset, as measured by a qualified independent surveyor has been brought into the books at the point of first use in its primary purpose as a school building when the school opened to students. The value of the asset will be depreciated over the useful economic life, set as 25 years from this date.

## **Resources Expended**

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Costs of generating funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raised funds.

- **Charitable activities**

These are costs incurred on the Academy Trust's educational operations

- **Governance Costs**

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Trustee's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

## **Tangible Fixed Assets**

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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

- |                                    |          |
|------------------------------------|----------|
| • Long Leasehold Buildings         | 25 years |
| • Leasehold improvements           | 25 years |
| • Fixtures, fittings and equipment | 5 years  |
| • Computer equipment               | 3 years  |

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

### **Taxation**

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

### **Pensions Benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 28, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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 actual basis using the projected unit 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the



benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credit adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

### **Fund Accounting**

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

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

Restricted general funds comprise all other restricted funds received and will include grants from the Education Funding Agency and Department for Education.

### **Agency Arrangements**

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognisable in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 31.

## 2. General Annual Grant (GAG)

Not applicable in year

## 3. Voluntary Income

	Unrestricted General Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2015 £000	Total Funds 2014 £000
Private Sponsorship	0.00	0.00	0.00	0.00	0.00
Donated Fixed Assets	0.00	0.00	750.00	750.00	0.00
Other Donations	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	750.00	750.00	0.00

## 4. Activities for Generating Funds

	Unrestricted General Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2015 £000	Total Funds 2014 £000
Other Income	0.00	3.38	0.00	3.38	0.00
Catering Income	0.00	6.55	0.00	6.55	0.00
	0.00	9.93	0.00	9.93	0.00

## 5. Investment Income

	Unrestricted General Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2015 £000	Total Funds 2014 £000
Short term deposits	1.82	0.00	0.00	1.82	0.40
	1.82	0.00	0.00	1.82	0.40

## 6. Funding for the Academy Trusts Educational Operations

	Unrestricted General Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2015 £000	Total Funds 2014 £000
<b>DfE/EFA Grants</b>					
General Annual Grant (GAG)	0.00	733.81	0.00	733.81	0.00
Start up Grants	0.00	175.80	0.00	175.80	300.00
Capital Grants	0.00	0.00	1,057.80	1,057.80	450.09
Other DfE/EFA Grants	0.00	39.11	0.00	39.11	0.00
	0.00	948.72	1,057.80	2,006.52	750.09
<b>Other Government Grants</b>					
Local authority grants	0.00	0.00	0.00	0.00	0.00
Special educational projects	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00
	0.00	948.72	1,057.80	2,006.52	750.09

## 7. Resources Expended

	Non Pay Expenditure				
	Staff Costs	Premises	Other	Total	Total
				2015	2014
	£000	£000	£000	£000	£000
Costs of generating voluntary Income	0.00	0.00	0.00	0.00	0.00
Costs of activities for generating funds	0.00	0.00	0.00	0.00	0.00
Academy Educational Operations:					0.00
Direct Costs	440.48	0.00	222.44	662.92	230.86
Allocated Support Costs	112.16	134.58	90.56	337.30	28.46
	552.64	134.58	313.00	1,000.22	259.32
Governance costs including allocated support costs	0.00	0.00	18.04	18.04	6.39
	552.64	134.58	331.04	1,018.26	265.71

Net Income/ (expenditure) for the period includes:

	Total	Total
	31 August 2015	31 August 2014
	£000	£000
Operating leases:		
- Plant and machinery	0.00	0.00
- Other leases	0.00	0.00
Fees payable to auditor for:		
- Audit	9.75	4.95
- Other services	0.00	0.00

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

	Individual items above £5,000		
	Total	Amount	Reason
	£000	£000	
Ex-gratia/compensation payments	0.00	0.00	N/A
Compensation payments			
Gifts made by the trust	0.00	0.00	N/A
Fixed asset losses	0.00	0.00	N/A
Stock losses			
Unrecoverable debts	0.00	0.00	N/A
Cash losses	0.00	0.00	N/A

## 8. Charitable Activities

	Total 2015 £000	Total 2014 £000
<b>Direct Costs – Educational Operations</b>		
Teaching & Educational Support Staff Costs	440.48	114.66
Depreciation	127.19	0.00
Technology Costs	10.76	0.11
External Supplies	50.48	82.30
Exam Fees	14.19	0.00
Staff Development	8.19	1.61
Educational Consultancy	5.89	31.41
Other Direct Costs	5.75	0.77
	<b>662.92</b>	<b>230.86</b>
<b>Support Costs – Educational Operations</b>		
Support Staff Costs	112.16	21.20
Depreciation	0.00	0.00
Technology Costs	0.00	0.00
Recruitment and Support	3.09	0.00
Maintenance of premises and equipment	55.16	0.08
Cleaning	19.60	0.00
Rent & Rates	11.73	0.00
Energy Costs	44.97	0.00
Insurance	3.13	0.00
Security & Transport	7.98	0.00
Catering	32.98	0.00
Bank Interest & Charges	0.03	0.03
Other Support Costs	46.47	7.15
	<b>337.30</b>	<b>28.47</b>
<b>Total Direct &amp; Support Costs</b>	<b>1,000.22</b>	<b>259.32</b>

## 9. Governance Costs

	Total 2015 £000	Total 2014 £000
Legal & Professional Fees	7.74	1.44
Auditors Remuneration:		
- Audit of financial statements	9.20	4.95
- Audit of Academy Accounts Return	0.75	0.00
- Audit of TPS contributions	0.35	0.00
Support staff costs	0.00	0.00
Trustees reimbursed expenses	0.00	0.00
	<b>18.04</b>	<b>6.39</b>

## 10. Staff Costs

### a. Staff Costs

	Total 2015 £000	Total 2014 £000
Staff costs during the period were:		
- Wages and Salaries	461.48	111.23
- Social security costs	34.59	10.14
- Operating costs of defined benefit pension schemes	41.82	14.49
	<b>537.89</b>	<b>135.86</b>
- Supply staff costs	14.75	0.00
- Staff restructuring costs	0.00	0.00
	<b>14.75</b>	<b>0.00</b>

### b. Staff numbers

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	31 August 2015	31 August 2014
Teachers	10.48	0.11
Admin & Support	1.00	1.03
Management	1.86	1.34
	<b>13.34</b>	<b>2.48</b>

### c. Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	31 August 2015	31 August 2014
£60,001-£70,000		1
£100,000 - £110,000	1	

The above employee participated in the Teachers' Pension Scheme. During the period to 31 August 2015 employers' pension contributions amounted to £8,464 (2014: £9,651).

## 11. Related party transactions – Trustees remuneration and expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees' remuneration was as follows:

A Campbell (principal and trustee): £103,303

During the period ended 31 August 2015, travel and subsistence expenses of £85 were reimbursed to 1 trustee. Other related party transactions involving the trustees are set out in note 29.

## 12. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the period ended 31 August 2015 was provided as part of the Risk Protection Agreement.

## 13. Tangible Fixed Assets

	Leasehold Land & Buildings £000	Leasehold Improvements £000	Assets under construction £000	Fixtures & Equipment £000	Computer Equipment £000	Total £000
<b>Cost</b>						
At 01 September 2014	0.00	0.00	289.73	37.92	103.46	<b>431.11</b>
Additions	750.00	540.63	175.52	75.86	86.48	<b>1,628.49</b>
Transfers	0.00	289.73	(289.73)	0.00	0.00	<b>0.00</b>
Disposals	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
At 31 August 2015	<b>750.00</b>	<b>830.36</b>	<b>175.52</b>	<b>113.78</b>	<b>189.94</b>	<b>2,059.60</b>
<b>Depreciation</b>						
At 01 September 2014	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
Charged in Year	30.00	28.74	0.00	18.74	49.70	<b>127.19</b>
Disposals	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
At 31 August 2015	<b>30.00</b>	<b>28.74</b>	<b>0.00</b>	<b>18.74</b>	<b>49.70</b>	<b>127.19</b>
<b>Net book values</b>						
At 31 August 2015	<b>720.00</b>	<b>801.62</b>	<b>175.52</b>	<b>95.04</b>	<b>140.24</b>	<b>1,932.41</b>
At 31 August 2014	<b>0.00</b>	<b>0.00</b>	<b>289.73</b>	<b>37.92</b>	<b>103.46</b>	<b>431.11</b>

## 14. Stocks

	2015 £000	2014 £000
Clothing	0.00	0.00
Catering	0.00	0.00
	<b>0.00</b>	<b>0.00</b>

## 15. Debtors

	2015	2014
	£000	£000
Trade Debtors	0.48	0.00
VAT Recoverable	48.35	110.65
Other Debtors	0.00	302.21
Prepayments & Accrued Income	48.48	0.00
	<b>97.31</b>	<b>412.86</b>

## 16. Creditors: amount falling due within one year

	2015	2014
	£000	£000
Trade Creditors	6.50	0.00
Taxation and social security	7.67	3.89
Other Creditors	0.24	92.74
Accruals and deferred Income	381.60	361.41
	<b>396.00</b>	<b>458.04</b>

## Deferred Income

	2015
	£000
Deferred income at 01 Sept 2014	0.00
Resources deferred in year	216.34
Amounts released from prior year	0.00
Deferred income at 31 Aug 2015	<b>216.34</b>

At the balance sheet date the academy trust was holding funds received in advance for capital grants associated with the upgrade and replacement of the school heating system which was commissioned in October 2015. A proportional amount of rates income received by the school from the EFA for the period April 2015 to March 2016 is also included within Deferred Income.

## 17. Funds

	Balance at 31 August 2014 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses & Transfers £000	Balance at 31 August 2015 £000
<b>Restricted General Funds</b>					
General annual grant (GAG)	0.00	733.81	610.96	0.00	<b>122.85</b>
Start Up Grant	53.27	175.80	229.07	0.00	<b>0.00</b>
Other DfE/EFA Grants	0.00	39.11	39.11	0.00	<b>0.00</b>
Other restricted	0.00	9.93	9.93	0.00	<b>0.00</b>
Pension reserve	0.00	0.00	2.00	1.00	<b>(3.00)</b>
	<b>53.27</b>	<b>958.65</b>	<b>891.07</b>	<b>1.00</b>	<b>119.85</b>
<b>Restricted Fixed Asset Funds</b>					
DfE/EFA Capital Grants	431.11	1,057.80	97.19	0.00	<b>1,391.72</b>
Donated assets	0.00	750.00	30.00	0.00	<b>720.00</b>
	<b>431.11</b>	<b>1,807.80</b>	<b>127.19</b>	<b>0.00</b>	<b>2,111.72</b>
<b>Total Restricted Funds</b>	<b>484.39</b>	<b>2,766.44</b>	<b>1,018.26</b>	<b>1.00</b>	<b>2,231.57</b>
<b>Unrestricted Funds</b>					
Unrestricted Funds	0.40	1.82	0.00	0.00	<b>2.22</b>
<b>Total Unrestricted Funds</b>	<b>0.40</b>	<b>1.82</b>	<b>0.00</b>	<b>0.00</b>	<b>2.22</b>
<b>Total Funds</b>	<b>484.79</b>	<b>2,768.26</b>	<b>1,018.26</b>	<b>1.00</b>	<b>2,233.79</b>

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

- General annual grant (GAG) is for the on-going delivery of the main object of the school in providing education and training to students between the ages of 14-19
- Start Up Grant - Establish the infrastructure, policies, procedures, and curriculum and to support the scale economies of the school until it reaches capacity.
- Other EFA/DfE grants are applied for specific purposes as intended by the granting authority and include the payment of business rates, pupil premium and educational services.
- Pension reserve is the balance of the asset or liability on long term pension commitments following actuarial review of the LGPS scheme performance.
- DfE/EFA Capital Grant - Used to refurbish the School buildings.
- Donated Assets relate to the provision of the main school building under peppercorn long term lease by the school sponsor, West Nottinghamshire College.
- Unrestricted Funds - Generated through interest received on bank balances for the period.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.



## 18. Analysis of Net Assets between Funds

Fund balances at 31 August 2015 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible Fixed Assets	0.00	0.00	1,932.41	1,932.41
Current Assets	2.22	518.85	179.31	700.38
Current Liabilities	0.00	(396.00)	0.00	(396.00)
Pension Scheme Liability	0.00	(3.00)	0.00	(3.00)
<b>Total Net Assets</b>	<b>2.22</b>	<b>119.85</b>	<b>2,111.72</b>	<b>2,233.79</b>

## 19. Capital Commitments

	2015 £000	2014 £000
Contracted for but not provided in the Financial Statements	179.31	421.19

## 20. Financial Commitments

	2015 £000	2014 £000
Not Applicable		

## 21. Reconciliation of net income to net cash inflow from operating activities

	2015 £000	2014 £000
Net Income	1,750.00	484.78
Depreciation (Note 13)	127.19	0.00
Capital grants from DfE/sponsor	(1,807.80)	(450.09)
Interest Receivable (Note 5)	(1.82)	(0.40)
FRS17 pension cost less contributions payable (note 28)	(12.00)	0.00
FRS17 pension finance income (note 28)	14.00	0.00
(increase)/decrease in Debtors	315.55	(412.86)
Increase/(decrease) in Creditors	(62.04)	458.04
<b>Net cash inflow from operating activities</b>	<b>323.09</b>	<b>79.47</b>

## 22. Returns on investment and servicing of finance

	2015 £000	2014 £000
Interest received	1.82	0.40
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>1.82</b>	<b>0.40</b>

## 23. Capital Expenditure and Financial Investment

	2015	2014
	£000	£000
Purchase of tangible fixed assets	(1,628.49)	(431.11)
Capital grants from DfE	1,057.80	450.09
Capital donations from sponsors	750.00	0.00
<b>Net cash flow from capital investment and financial investment</b>	<b>179.31</b>	<b>18.98</b>

## 24. Analysis of change in net funds

	As at 31 August 2014	Cash Flows	As at 31 August 2015
	£000	£000	£000
Cash at bank and in hand	98.86	504.22	603.08
Total cash and cash equivalents	98.86	504.22	603.08

## 25. Guarantees, Letter of Comfort & Indemnities

	2015	2014
	£000	£000
Not Applicable		

## 26. Contingent Liabilities

	2015	2014
	£000	£000
Not Applicable		

## 27. 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.

## 28. Pensions & Similar Obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

## **28. Pensions & Similar Obligations (continued)**

### **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 and lecturers and, from 1 January 2007, automatic too for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

#### **Valuation of the Teachers' Pension Scheme**

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%));
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191.5 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176.6 billion giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations;
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The pension costs paid to TPS in the period amounted to £59,934 (2014: £12,394).

A copy of the valuation report and supporting documentation is on the Teacher's Pension website.

## 28. Pensions & Similar Obligations (continued)

### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £16,000 of which employers contributions totalled £12,000 and employees' contributions totalled £4,000. The agreed contribution rates for future years are 18.1% for employers and vary between 5.5% and 12.5% for employees.

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

### Principal actuarial assumptions

	At 31 August 2015	At 31 August 2014
Rate of increase in salaries	3.60%	3.50%
Rate of increase for pensions in payment/inflation	2.70%	2.70%
Discount rate for scheme liabilities	4.00%	4.00%
Inflation assumption (CPI)	2.70%	2.70%
Commutation of pensions to lump sums	50.00%	50.00%

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

	At 31 August 2015	At 31 August 2014
<i>Retiring today</i>		
Males	22.1	22.0
Females	25.2	25.1
<i>Retiring in 20 years</i>		
Males	24.2	24.1
Females	27.6	27.4

## 28. Pensions & Similar Obligations (continued)

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

	Expected return at 31 August 2015	Fair value at 31 August 2015 £000	Expected return at 31 August 2014	Fair value at 31 August 2014 £000
Equities	2.00%	12.00	N/a	N/a
Government Bonds	2.00%	0.00	N/a	N/a
Other Bonds	2.00%	1.00	N/a	N/a
Cash	2.00%	1.00	N/a	N/a
Inflation-linked Pooled Fund	2.00%	0.00	N/a	N/a
Property	2.00%	2.00	N/a	N/a
<b>Total market value of assets</b>		<b>16.00</b>		<b>N/a</b>
Present value of scheme liabilities				
- funded		19.00		N/a
<b>Surplus/(deficit) in the scheme</b>		<b>(3.00)</b>		<b>N/a</b>

The return on the fund (on a bid value to bid value basis) for the period to 31 August 2015 is estimated to be 2%. The actual return of Fund assets over the period may be different. The actual return on scheme assets was £zero.

### Amounts recognised in the statement of financial activities

	At 31 August 2015 £000	At 31 August 2014 £000
Current service cost (net of employee contributions)	14.00	0.00
Past service cost	0.00	0.00
<b>Total operating charges</b>	<b>14.00</b>	<b>0.00</b>

### Analysis of pension finance income/(costs)

	At 31 August 2015 £000	At 31 August 2014 £000
Expected return on pension scheme assets	0.00	0.00
Interest on pension liabilities	0.00	0.00
<b>Pension finance income/(costs)</b>	<b>0.00</b>	<b>0.00</b>

## 28. Pensions & Similar Obligations (continued)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS17 is a £1,000 loss.

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

	At 31 August 2015 £000	At 31 August 2014 £000
<b>At 1 September</b>	0.00	N/a
Current service cost	14.00	N/a
Interest cost	0.00	N/a
Employee contributions	4.00	N/a
Actuarial (gain)/loss	1.00	N/a
Benefits paid	0.00	N/a
Past service cost	0.00	N/a
Curtailments and settlements	0.00	N/a
<b>At 31 August</b>	<b>19.00</b>	<b>N/a</b>

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

	At 31 August 2015 £000	At 31 August 2014 £000
<b>At 1 September</b>	0.00	N/a
Expected return on assets	0.00	N/a
Interest cost	0.00	N/a
Actuarial (gain)/loss	0.00	N/a
Employer contributions	12.00	N/a
Employee contributions	4.00	N/a
Benefits paid	0.00	N/a
<b>At 31 August</b>	<b>16.00</b>	<b>N/a</b>

The estimated value of employer contributions for the year ended 31 August 2016 is £13,000

**The five year history of experience adjustments is as follows:**

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Present value of defined benefit obligations	(19.00)				
Fair value of share of assets	16.00				
<b>Deficit in the scheme</b>	<b>(3.00)</b>				
<b>Experience adjustments on share of scheme assets:</b>					
- Amount	0.00				
<b>Experience adjustments on scheme liabilities:</b>					
- Amount	1.00				

## **29. Related Party Transactions**

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

West Nottinghamshire College – The sponsor of the Studio School and which employs Dame Asha Khemka, Patricia Harman and Andrew Martin (all of whom are Trustees):

- The Trust purchased a range of services including learner recruitment, marketing and communications, Finance, HR, Catering and cleaning amounting to £95,007 (2014: £79,601) during the year. The balance outstanding at the end of the period was £0 (2014: £2,009).
- The Trust incurred the charges on an at cost basis from the sponsor and in line with the financial regulations.
- In entering into the transaction the trust has complied with the requirements of the EFA's Academies Financial Handbook.

## **30. Post Balance Sheet Events**

There were no reportable post balance sheet events.

## **31. Agency Arrangements**

The academy trust distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting period ending 31 August 2015 the trust received £7,884 and disbursed £7,884 from the fund.