



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

**Annual Report
and Financial Statements**

For the period to 31 August 2016



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 (from 19 December 2012)
Patricia Harman (until 9 June 2016)
Andrew Martin (from 19 December 2012)
Christopher Thomas (from 1 April 2016)

Trustees: Dame Asha Khemka (Chair)
Patricia Harman
Andrew Martin
Heather Scott (ex-officio from 20 August 2015 until 18 March 2016)
Christopher Hatherall (ex-officio from 1 March 2016)

Company Secretary: Maxine Bagshaw (from 19 December 2012)

Senior Management:

- **Principal** Christopher Hatherall
- **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 2015 to 31 August 2016. 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 220 on the census in September 2015 which was the first year with pupils across all year groups.

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.

The Trustees ensure that its members are representative of the school specialisms in Engineering and Health and Care and have appointed employer members from these industry sectors.

The Academy Trust may also seek to supplement its Trustees with co-opted members and in the year ended 31 August 2016 has taken up this option in appointing to its Finance Committee to provide further non-executive insight.

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 Academy Trust Board is ultimately responsible to the Department for Education and must ensure that it acts in accordance with the Funding Agreement, Academies Financial Handbook and all other relevant legislation.

In order to fulfil its responsibility the Academy Trust Board has established a Finance Committee to consider finance and other matters such as HR across all Trust academies. Terms of reference are agreed with the Trust Board. The Academy Trust Board has also established a Local Governing Body in accordance with the Local Governing Body Terms of Reference. The Local Governing Body receives delegated authority from the Academy Trust Board to support the Board in fulfilling its obligations. The Local Governing Body is responsible for agreeing a set of policies which set out the respective responsibilities and delegated authority to the Accounting Officer and leadership team with due regard for applicable regulations.

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

Arrangements for setting pay and remuneration of key management personnel

The Board of Governors has formed a special committee for the determination of pay, objectives and performance management for the key personnel employed by the school. The panel is drawn from the Governing body with input from the clerk and appropriate specialist professional support. Recommendations of the panel are considered by the full Board of Governors.

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 2016 was to secure and engage students up to the volume of the published admission number and deliver its first set of academic results for the first cohort of entrants from 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.

Objectives, Strategies and Activities

For the 2015/16 financial year the school was operational with all four of its permitted year groups for the first time and has seen pupil numbers expand to 220. During the year, the school welcomed a new Principal taking over from an interim appointment in March of 2016.

The summer of 2016 also saw the school and its pupils take its first set of externally verified examinations for a cohort of 44 key stage 4 learners. The results of the examinations have highlighted some areas for improvement for the school, particularly in mathematics.

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 operated Vision Studio School with four year groups of pupils, getting closer to the 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 2015.

During this time, the School has established 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 improved its facilities with the installation of a new modern heating system which has been supported under a grant provided by the Education Funding Agency to create an appropriate learning environment.

In the summer of 2016, the school received its first set of results for key stage 4 pupils and whilst they have fallen short of the targets and expectations set by Governors there is a clear strategy in place to further strengthen the areas for improvement and build upon the more positive aspects of performance. The academy has not at this stage been inspected by the inspectorate but has received satisfactory monitoring visits through the regulator.

Key Performance Indicators

The Board has set a number of key performance indicators for the school and has seen some success in the achievements for the financial year.

The school has met its budgeted surplus target for the financial year and has built up reserves for investing in the future of the school.

Whilst examination results have been lower than anticipated, the school Board and management have reviewed and revised the process and systems in order to make significant improvements into the future and reach the FFT50 targets set.

Attendance for the school pupils is lower than national averages and is often as a result of the background context from which the school pupils are drawn. An improvement plan is being implemented and we are now beginning to see improvements across all year groups up to the point of signing these financial statements.

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 2016, total expenditure against restricted general funds of £1,229,891 was covered by recurrent grants leading to a surplus in the restricted general fund in the year of £193,359. Reserves brought forward of £119,851 contributes to the balance of restricted general reserves excluding pension liabilities at £318,210 at the balance sheet date.

Incoming resources against the restricted fixed asset fund of £74,757 has been charged with depreciation of £176,736 to provide a balance on fixed asset restricted reserves of -£101,979 for the financial year. Brought forward restricted fixed asset reserves of £2,111,720 provides accumulated restricted fixed asset reserves of £2,009,741 as at the balance sheet date.

Reserves Policy

The Trustee's policy is to 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.

The Trust holds £318.21k (2015: £122.85k) in its general restricted reserve which must be used for the primary purpose of the school. An amount of £5.96k (2015: £2.22k) is held in unrestricted reserves and is not subject to any specific restriction although the Trustees seek to use all reserves in line with the reserves policy.

An amount of £2,009.74k (2015: £2,111.72) is held under restricted fixed asset reserves and can only be realised through the disposal of Academy Trust tangible assets.

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.

Investments of cash balances are in line with the Academy Financial Regulations which are reviewed annually by the Board. The Academy Trust does not currently have a separate Investment Policy and all cash balances are retained within the School current account. Interest receivable in the year to 31 August 2016 was £3.75k (2015: £2.22k).

Principal Risks and Uncertainties

The principal risk that the Academy faces is in relation to continued recruitment of a sufficient number of students into future operations to reach capacity, particularly now that the school has been established for a number of years. 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 Future Periods

The academy now has an experienced Principal in post from March 2016. The Principal is being supported by the Board to continue to focus 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.

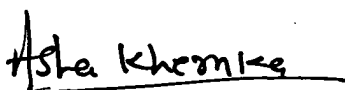
Auditor

The Trustees reappointed Mazars LLP as auditors for the Academy for the third period of account to 31 August 2016.

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, incorporating a strategic report, approved by order of the Board of Trustees, as the Company directors on 15 December 2016 and signed on the board's behalf by:



Dame Asha Khemka OBE

Trustee

Date

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 has formally met 7 times during the financial year. 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)	3	7
Patricia Harman (resigned 09/06/2016)	6	6
Christopher Thomas (appointed 01/04/2016)	1	2
Andrew Martin	7	7
Heather Scott (resigned 18/03/2016) (Interim Principal & Accounting Officer)	3	4
Christopher Hatherall (appointed 01/03/2016) (Principal & Accounting Officer)	2	2

The board of trustees carry out a regular review of governance through a self-evaluation process. The review is through a detailed questionnaire which was last completed at the end of the 2014/15 academic year as the 'first year of full operation'. Over the course of 2015/16, the Board undertook a skills survey. The Board will review the skills survey in 2016/17 and undertake a further formal review in year. The Board accepted its areas for improvement identified in 14/15 and worked to address these through NGA external training provided during 15/16.

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)	3	3
Heather Scott (resigned 18/03/2016)	2	2
Christopher Hatherall (appointed 01/03/2016)	2	2
Neil Robinson (co-opted)	3	3

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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of 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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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 to rely on the internal control processes of West Nottinghamshire College who provide a range of services including financial, HR and payroll services to the Trust. The Principal Financial Officer reports any irregularities to the Board of Trustees.

The appointee's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On an annual basis, the appointee reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. No irregularities have been reported by West Nottinghamshire College.

Review of Effectiveness

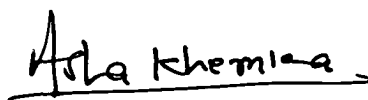
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:-

- 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 15 December 2016 and signed on its behalf by



Christopher Hatherall
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.



Christopher Hatherall

Accounting Officer
15 December 2016

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 and the Academies Accounts Direction 2015 to 2016;
- 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 15 December 2016 and signed on its behalf by:-



Dame Asha Khemka OBE
Trustee

Independent Auditor's Report on the Financial Statements 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 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP 2015 (FRS 102))

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 17, 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.

Opinion on the financial statements

In our opinion the financial statements:

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

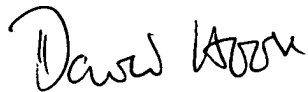
Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report including the incorporated strategic report for the 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
- 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: 15/12/16

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 03 October 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by West Nottinghamshire Educational Trust during the period 01 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to West Nottinghamshire Educational Trust and the EFA in accordance with the terms of our engagement letter. 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 work, for this report, or for the conclusion 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 07 February 2014 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 01 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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



David Hoose
Reporting Accountant
Mazars LLP
Park View House
58 The Ropewalk
Nottingham
NG 1 5DW
Date: 15/12/16

Statement of Financial Activities for the period to 31 August 2016

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

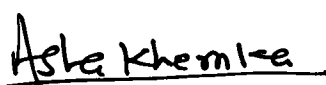
	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000	Total 2015 £000
Income and endowments from:						
- Donations and capital grants	3	0.00	0.00	74.76	74.76	1,807.80
Charitable Activities:						
- Funding for the Academy Trusts educational operations	4	0.00	1,417.81	0.00	1,417.81	955.27
- Other Trading Activities	5	0.00	5.44	0.00	5.44	3.38
- Investments	6	3.75	0.00	0.00	3.75	1.82
Total		3.75	1,423.25	74.76	1,501.75	2,768.26
Expenditure on:						
Charitable Activities:						
- Academy Trust Educational Operations	7,16	0.00	1,229.89	176.74	1,406.63	1,018.26
Total	7,16	0.00	1,229.89	176.74	1,406.63	1,018.26
Net Income/(Expenditure) for the year		3.75	193.36	-101.98	95.13	1,750.00
Other Recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	26	0.00	-23.00	0.00	-23.00	-1.00
Net Movement in Funds		3.75	170.36	-101.98	72.13	1,749.00
Reconciliation of Funds						
Total funds brought forward at 01 September		2.22	119.85	2,111.72	2,233.79	484.79
Total Funds carried forward at 31 August	17	5.96	290.21	2,009.74	2,305.92	2,233.79

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

Balance sheet as at 31 August 2016

	Note	2016 £000	2016 £000	2015 £000	2015 £000
Fixed Assets					
Tangible Assets	12		1,999.40		1,932.41
Current Assets					
Stocks	13	0.00		0.00	
Debtors	14	33.51		97.31	
Cash in Hand		769.15		603.08	
		802.66		700.38	
Liabilities					
Creditors: Amounts falling due within one year	15	-468.14		-396.00	
Net Current Assets			334.52		304.38
Total Assets less current liabilities excluding pension liability			2,333.92		2,236.79
Pension Scheme Liability			-28.00		-3.00
Total Assets			2,305.92		2,233.79
Funds of the Academy Trust:					
Fixed Asset Fund	16	2,009.74		2,111.72	
General Fund	16	318.21		122.85	
Pension Reserve	26	-28.00		-3.00	
Total restricted funds			2,299.95		2,231.57
Unrestricted Income Funds:					
General Fund	16	5.96		2.22	
Total unrestricted funds			5.96		2.22
Total Funds			2,305.92		2,233.79

The financial statements on pages 20 to 43 were approved by the Trustees, and authorised for issues on 15 December 2016 and are signed on their behalf by:



Dame Asha Khemka OBE
Trustee

Cash flow statement for the period ended 31 August 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	20	331.29	323.09
Cash flows from investing activities	21	-165.22	181.13
Change in cash and cash equivalents in the reporting period	22	166.07	504.22
Cash and cash equivalents at 1 September		603.08	98.86
Cash and cash equivalents at 31 August		769.15	603.08

Notes to the Financial Statements for the period ended 31 August 2016

1. Statement of Accounting Policies

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

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

West Nottinghamshire Educational Trust meets the definition of a public benefit entity under FRS 102..

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. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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.

- **Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

- **Grants**

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 goods, facilities and services**

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.

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**

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

- **Charitable activities**

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

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.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

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 26, 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 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 as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other 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.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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 recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 29.

First time adoption of FRS 102

These financial statements are the first financial statements of West Nottinghamshire Educational Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of West Nottinghamshire Educational Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 30.

2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust is not subject to limits at 31 August 2016

3. Donations and capital grants

	Unrestricted General Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2016 £000	Total Funds 2015 £000
Private Sponsorship	0.00	0.00	0.00	0.00	0.00
Donated fixed assets	0.00	0.00	0.00	0.00	750.00
Capital Grants	0.00	0.00	74.76	74.76	1,057.80
Other Donations	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	74.76	74.76	1,807.80

The income from donations and capital grants was £74,760 (2015: £1,807,800) of which £74,760 was restricted fixed assets (2015: £1,807,800).

4. Funding for the Academy Trusts Educational Operations

	Unrestricted General Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2016 £000	Total Funds 2015 £000
DfE/EFA Revenue Grants					
General Annual Grant (GAG)	0.00	1,271.68	0.00	1,271.68	733.81
Start up Grants	0.00	52.50	0.00	52.50	175.80
Other DfE/EFA Grants	0.00	72.06	0.00	72.06	39.11
	0.00	1,396.25	0.00	1,396.25	948.72
 Other income from the academy trust's operations	 0.00	 21.56	 0.00	 21.56	 6.55
	0.00	1,417.81	0.00	1,417.81	955.27

The income from funding for the Academy Trust educational operations was £1,417,810 (2015: £955,270) of which £1,417,810 was restricted general funds (2015: £955,270).

5. Other Trading Activities

	Unrestricted General Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2016 £000	Total Funds 2015 £000
Other Income	0.00	5.44	0.00	5.44	3.38
	0.00	5.44	0.00	5.44	3.38

The income from other trading activities was £5,440 (2015: £3,380) of which £5,440 was restricted general funds (2015: £3,380).

6. Investment Income

	Unrestricted General Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2016 £000	Total Funds 2015 £000
Short term deposits	3.75	0.00	0.00	3.75	1.82
	3.75	0.00	0.00	3.75	1.82

The income from investment income was £3,750 (2015: £1,820) of which £3,750 was unrestricted general funds (2015: £1,820).

7. Expenditure

	Non Pay Expenditure				Total 2015 £000
	Staff Costs	Premises	Other	Total	
	£000	£000	£000	£000	
<i>Academy's Educational Operations:</i>					
Direct Costs	761.31	-	366.89	1,128.20	662.92
Allocated Support Costs	32.81	112.74	132.88	278.43	355.34
	<u>794.12</u>	<u>112.74</u>	<u>499.77</u>	<u>1,406.63</u>	<u>1,018.26</u>

The expenditure was £1,406,630 (2015: £1,018,260) of which £1,229,890 (2015: £891,070) was restricted general funds and £176,740 (2015: £127,190) was restricted fixed asset funds.

Net Income/(expenditure) for the period includes:	2016 £000	2015 £000
Operating Lease Rentals	0.00	0.00
Depreciation	176.74	127.19
Fees payable to auditor for:		
- audit	9.76	9.75
	<u>0.00</u>	<u>0.00</u>

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

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

8. Charitable Activities

		Total 2016 £000	Total 2015 £000
Direct costs – educational operations		1,128.20	662.92
Support costs – educational operations		278.43	355.34
		<u>1,406.63</u>	<u>1,018.26</u>
	Educational Operations £000	Total 2016 £000	Total 2015 £000
Analysis of support costs			
Support Staff Costs	32.81	32.81	112.16
Premises Costs	174.54	174.54	175.54
Other Support Costs	53.22	53.22	49.60
Governance Costs	17.85	17.85	18.04
	<u>278.43</u>	<u>278.43</u>	<u>355.34</u>
Direct Costs - Educational Operations			
Teaching & Educational Support Staff Costs		761.31	440.48
Depreciation		176.74	127.19
Technology Costs		8.67	10.76
External Supplies		82.57	50.48
Exam Fees		36.04	14.19
Staff Development		16.62	8.19
Educational Consultancy		30.40	5.89
Other Direct Costs		15.86	5.75
		<u>1,128.20</u>	<u>662.92</u>
Support Costs - Educational Operations			
Support Staff Costs		32.81	112.16
Recruitment and Support		28.11	3.09
Maintenance of premises and equipment		49.13	55.16
Cleaning		15.88	19.60
Rent & Rates		10.97	11.73
Energy Costs		30.62	44.97
Insurance		6.15	3.13
Security & Transport		21.58	7.98
Catering		40.22	32.98
Bank Interest & Charges		0.04	0.03
Other Support Costs		25.08	46.47
Legal & Professional Fees		6.98	7.19
Auditors Remuneration:			
- Audit of financial statements		9.75	9.75
- Audit of Academy Accounts Return		0.77	0.75
- Audit of TPS Contributions		0.35	0.35
		<u>278.43</u>	<u>355.34</u>
Total Direct & Support Costs		<u>1,406.63</u>	<u>1,018.26</u>

8. Charitable Activities (continued)

The expenditure on Charitable Activities was £1,406,630 (2015: £1,018,260) of which £1,229,890 (2015: £891,070) was restricted general funds and £176,740 (2015: £127,190) was restricted fixed asset funds.

9. Staff Costs

a. Staff Costs

	Total 2016 £000	Total 2015 £000
Staff costs during the period were:		
- Wages and Salaries	558.32	461.48
- Social security costs	42.42	34.59
- Operating costs of defined benefit pension schemes	76.65	41.82
	<u>677.39</u>	<u>537.89</u>
 - Supply staff costs	 116.73	 14.75
	<u>794.12</u>	<u>552.64</u>

b. Non statutory/non-contractual staff severance payments

No non-contractual payments were made in the year for staff severance.

c. Staff numbers

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

	2016 No.	2015 No.
Teachers	13.81	10.48
Admin & Support	1.97	1.00
Management	2.05	1.86
	<u>17.83</u>	<u>13.34</u>

d. Higher paid staff

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

	2016 No.	2015 No.
£80,001 - £90,000	0	0
£100,001 - £110,000	0	1

The Academy Trust Principal commenced employment on 18 May 2016 and during the year total emoluments did not exceed £60,000.

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £125,515 (2015: £188,012).

10. 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. The value of trustees' remuneration was as follows:

C Hatherall (principal and trustee): £50,001 - £60,000 (2015: £Zero)

During the period ended 31 August 2016, travel and subsistence expenses totalling £Nil (2015:£ 85) were reimbursed to 1 trustee. Other related party transactions involving the trustees are set out in note 28.

11. 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 year ended 31 August 2016 was provided as part of the Risk Protection Agreement provided by the Department for Education.

12. Tangible Fixed Assets

	Assets under construction £000	Leasehold Improvements £000	Leasehold Buildings £000	Fixtures & Fittings £000	Computer Equipment £000	Total £000
Cost						
At 01 September 2015	175.52	830.36	750.00	113.78	189.94	2,059.60
Additions	119.43	27.37	-	37.94	58.97	243.72
Transfers	-294.95	294.95	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 August 2016	-	1,152.68	750.00	151.73	248.91	2,303.32
Depreciation						
At 01 September 2015	-	28.74	30.00	18.74	49.70	127.19
Charged in Year	-	43.74	30.00	28.22	74.78	176.74
Disposals	-	-	-	-	-	-
At 31 August 2016	-	72.48	60.00	46.96	124.48	303.92
Net book values						
At 31 August 2016	-	1,080.20	690.00	104.76	124.43	1,999.40
At 31 August 2015	175.52	801.62	720.00	95.04	140.24	1,932.41

The Trust's transactions relating to land and buildings included:

- The granting of a leasehold on the premises at Chesterfield Road South for £zero over a term of 125 years.

13. Stocks

	2016 £000	2015 £000
Clothing	0.00	0.00
Catering	0.00	0.00
	<u>0.00</u>	<u>0.00</u>

14. Debtors

	2016 £000	2015 £000
Trade Debtors	0.00	0.48
VAT Recoverable	20.52	48.35
Other Debtors	0.00	0.00
Prepayments & Accrued Income	12.99	48.48
	<u>33.51</u>	<u>97.31</u>

15. Creditors: amount falling due within one year

	2016 £000	2015 £000
Trade Creditors	9.92	6.50
Taxation and social security	24.02	7.67
Other Creditors	14.89	0.24
Amounts to the EFA	113.04	3.12
Accruals and deferred Income	306.27	378.48
	<u>468.14</u>	<u>396.00</u>

Deferred Income

	2016 £000	2015 £000
Deferred income at 01 Sept 2014	216.34	0.00
Resources deferred in year	70.63	216.34
Amounts released from prior year	-9.67	0.00
Deferred income at 31 Aug 2015	<u>277.30</u>	<u>216.34</u>

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.

16. Funds

	Balance at 01 September 2015 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses & Transfers £000	Balance at 31 August 2016 £000	Balance at 31 August 2015 £000
Restricted General Funds						
General Annual Grant (GAG)	122.85	1,271.68	1,076.33		318.21	122.85
Start Up Grant	0.00	52.50	52.50	0.00	0.00	0.00
Other DfE/EFA Grants	0.00	10.94	10.94		0.00	0.00
Pupil Premium		61.12	61.12		0.00	0.00
Other income from the academy trust's operations	0.00	21.56	21.56			
Other Restricted	0.00	5.44	5.44		0.00	0.00
Pension Reserve	-3.00	0.00	2.00	23.00	-28.00	-3.00
	119.85	1,423.25	1,229.89	23.00	290.21	119.85
Restricted Fixed Asset Funds						
DfE/EFA Capital Grants	1,391.72	74.76	146.74	0.00	1,319.74	1,391.72
Donated Assets	720.00	0.00	30.00	0.00	690.00	720.00
Capital Expenditure from GAG	0.00	0.00	0.00	0.00	0.00	0.00
	2,111.72	74.76	176.74	0.00	2,009.74	2,111.72
Total Restricted Funds	2,231.57	1,498.01	1,406.63	23.00	2,299.95	2,231.57
Unrestricted Funds						
Unrestricted Funds	2.22	3.75	0.00	0.00	5.96	2.22
Total Unrestricted Funds	2.22	3.75	0.00	0.00	5.96	2.22
Total Funds	2,233.79	1,501.75	1,406.63	23.00	2,305.92	2,233.79

- The specific purpose for which the start up funds are to be applied are to establish the infrastructure, policies, procedures and curriculum in advance of opening the Academy in September 2014 and until the Academy reaches capacity.
- The General Annual Grant (GAG) is provided for the day to day running of the School.
- Other DfE/EFA grants relate to amounts provided for the refurbishment of the school premises.
- The pension reserve relates to the deficit arising on the Local Government Pension Scheme (LGPS).
- Under the agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

17. Analysis of Net Assets between Funds

Fund balances at 31 August 2016 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	1,999.40	1,999.40
Current Assets	5.96	786.35	10.35	802.66
Current Liabilities	0.00	-468.14	0.00	-468.14
Pension Scheme Liability	0.00	-28.00	0.00	-28.00
Total Net Assets	5.96	290.21	2,009.74	2,305.92

18. Capital Commitments

	2016 £000	2015 £000
Contracted for but not provided in the Financial Statements	-	179.31

19. Financial Commitments

	2016 £000	2015 £000
Not Applicable		

20. Reconciliation of net income to net cash inflow from operating activities

	2016 £000	2015 £000
Net Income/(expenditure) for the reporting period (as per SOFA)	95.13	1,750.00
Adjusted for:		
Depreciation (Note 12)	176.74	127.19
Capital grants from DfE/Sponsor	-74.76	-1,807.80
Interest Receivable (Note 6)	-3.75	-1.82
FRS102 pension costs (Note 26)	2.00	2.00
(increase)/decrease in debtors	63.79	315.55
increase/(decrease) in creditors	72.14	-62.04
Net cash provided by/(used in) operating activities	331.29	323.09

21. Cash flows from investing activities

	2016 £000	2015 £000
Interest received	3.75	1.82
Purchase of tangible fixed assets	-243.72	-1,628.49
Capital Grants from DfE/EFA	74.76	1,057.80
Capital funding received from sponsors and others	0.00	750.00
Net cash provided by/(used in) Investing Activities	-165.22	181.13

22. Analysis of cash and cash equivalents

	As at 31 August 2015	Cash Flows	As at 31 August 2016
	£000	£000	£000
Cash at bank and in hand	603.08	166.07	769.15
Total cash and cash equivalents	603.08	166.07	769.15

23. Guarantees, Letter of Comfort & Indemnities

	2016 £000	2015 £000
Not Applicable		

24. Contingent Liabilities

	2016 £000	2015 £000
Not Applicable		

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.

26. 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 multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £9,547 were payable to the schemes at 31 August 2016 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

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%).
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million, giving a notional past service deficit of £14,900 million.
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the 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 £55,949.

"A copy of the valuation report and supporting documentation is on the Teachers' Pensions website. Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme."

The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the year ended 31 August 2016 was £18,000 (2015: £16,000), of which employer's contributions totalled £14,000 (2015: £12,000) and employees' contributions totalled £4,000 (2015: £4,000). The agreed contribution rates for future years are 18 per cent for employers and between 5 and 15 per cent 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

	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	4.10%	3.60%
Rate of increase for pensions in payment/inflation	2.30%	2.70%
Discount rate for scheme liabilities-	2.20%	4.00%
Inflation assumption (CPI)	2.30%	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 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.1	22.1
Females	25.3	25.2
<i>Retiring in 20 years</i>		
Males	24.4	24.2
Females	27.7	27.6

The academy trust's share of the assets in the scheme were:

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equity instruments	25	12
Debt instruments	7	2
Property	6	2
Total market value of assets	38	16

The actual return of scheme assets was £4,000 (2015: £0,000).

Amounts recognised in the statement of financial activities

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(2)	(1)
Net interest cost	-	-
Total operating charges	(2)	(1)

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

	At 31 August 2016 £000	At 31 August 2015 £000
At 1 September	19	-
Upon conversion	-	-
Current service cost	16	14
Interest cost	1	-
Employee contributions	4	4
Actuarial (gain)/loss	26	1
Benefits paid	-	-
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	66	19

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

	At 31 August 2016 £000	At 31 August 2015 £000
At 1 September	16	-
Upon conversion	-	-
Interest income	1	-
Return on plan assets (excluding net interest on the net defined pension liability)	3	-
Actuarial (gain)/loss	-	-
Employer contributions	14	12
Employee contributions	4	4
Benefits paid	-	-
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	38	16

27. 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 or employed Dame Asha Khemka, Patricia Harman, Chris Thomas 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 £82,668 (2015: £95,007) during the year. The balance outstanding at the end of the period was £nil (2015: £Nil).
- 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.

28. Events after the end of the reporting period

There were no reportable post balance sheet events.

29. 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 2016 the trust received £15,985 and disbursed £15,985 from the fund.

30. Explanation of transition to FRS102

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

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