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**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2016**

WEDNESDAY



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**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

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**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**

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

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**Members**

V Garrett  
M Horton  
R Quigley  
W Bluestone

**Governors**

W Bluestone (resigned 31 August 2016)  
C Brignell  
S Collier (resigned 31 August 2016)  
V Garrett, Chair  
J Harding (appointed 1 September 2015)  
S Hussey, Headteacher  
A Moffat, Vice Chair (appointed 1 September 2015)  
N Reed  
A Sheath  
A Sice  
A Smith  
H Williams (resigned 31 August 2016)

**Company registered number**

08405075

**Company name**

Northwood Primary School Academy Trust

**Principal and registered office**

Northwood Primary School  
Wyatts Lane  
Cowes  
Isle of Wight  
PO31 8PU

**Company secretary**

A Airey

**Senior management team**

S Hussey, Headteacher  
A Strand, Assistant Head  
A Airey, School Business Manager  
D Bryant, English Leader  
M Hayward, Maths Leader

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

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**Advisers (continued)**

**Independent auditors**

Hopper Willians & Bell Limited  
Highland House  
Mayflower Close  
Chandlers Ford  
Eastleigh  
Hampshire  
SO53 4AR

**Bankers**

Lloyds Bank plc  
16a High Street  
Cosham  
Portsmouth  
Hampshire  
PO6 3BY

**Solicitors**

Paris Smith  
1 London Road  
Southampton  
Hampshire  
SO15 2AE

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**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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The governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 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 an academy for pupils' aged 4 to 11 and draws pupils from a wide area including Cowes, Newport and East Cowes. It has a pupil capacity of 210 and had a roll of 199 in the school census on 21st January 2016.

**Structure, Governance and Management**

**Constitution**

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

Details of the trustees and governors who served during the year are included in the Reference and Administrative Details on page 1.

**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.

**Governors' Indemnities**

Until March 2016 governors' third party indemnity was covered by a policy of insurance with Zurich Insurance plc, procured under a government approved framework. From April 2016 the risk protection agreement (RPA) with the UK government has covered governors' third party indemnity.

**Method of Recruitment and Appointment or Election of Governors**

The number of governors will not be less than three but (unless otherwise determined by ordinary resolution) will not be subject to any maximum. The members may appoint up to 12 governors, including staff governors through any such process as they may determine. The total number of governors (including the Headteacher) who are employees of the academy trust shall not exceed one third of the total number of governors.

Parent governors are elected by parents of registered pupils at the academy and must be a parent of a pupil at the academy at the time they are elected. The number of parent governors required shall be made up by parent governors appointed by the governing body if the number of parents standing for election is less than the number of vacancies.

The governors may also appoint co-opted governors. The governors may not co-opt an employee of the academy trust as a co-opted governor if the number of governors who are employees of the academy trust would then exceed one third of the total number of governors (including the Headteacher).

The term of office for any governor shall be four years and, subject to remaining eligible to be a particular type of governor, any governor may be re-appointed or re-elected. A governor shall cease to hold office if he resigns his office by notice to the academy trust (but only if at least three governors will remain in office when the notice of resignation is to take effect). A governor shall cease to hold office if he is removed by the person or persons who appointed him, however this does not apply in respect of a parent governor.

Each school year the governors shall elect a chairman and a vice-chairman from among their number. A governor who is employed by the academy trust shall not be eligible for election as chairman or vice-chairman.

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**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Method of Recruitment and Appointment or Election of Governors (continued)**

No person who is a Local Authority Associated Person may be appointed as a governor if, once the appointment had taken effect, the number of governors who are Local Authority Associated Persons would represent 20% or more of the total number of governors.

**Policies and Procedures Adopted for the Induction and Training of Governors**

All new governors complete in-house induction training and are given the opportunity to attend the Local Authority new governor training sessions. Each new governor is paired with an experienced governor who will provide additional support. All governors are provided with access to policies, procedures, minutes, accounts, budgets and other documents that they will need to undertake their role as governors. All governors are invited to external and in-house training throughout the year.

**Organisational Structure**

The academy has a leadership structure which consists of the governors and the Senior Leadership Team. The aim of the leadership structure is to devolve responsibility and to encourage involvement in the decision making at all levels. The governors are responsible for setting general policy, adopting an annual plan and budget approving the statutory accounts, monitoring the academy by the use of budgets and other data, and making major decisions about the direction of the academy, capital expenditure and staffing appointments. The Senior Leadership Team (SLT) consists of the Principal, Assistant Headteacher, English and Maths Leaders and the School Business Manager. The SLT control the academy at an executive level implementing the policies laid down by the governors and reporting back to them. The Headteacher is responsible for the appointment of staff, though appointment panels for teaching posts always include a governor. The Assistant Headteacher and English and Maths Leaders assist with the day to day operation of the academy, in particular overseeing teaching and learning quality, staff, facilities and pupils.

**Arrangements for Setting Pay and Remuneration of Key Management Personnel**

For teachers the school mirrors the requirements of the current Statutory Pay and Conditions Document (STPCD), for support staff the school mirrors the Isle of Wight Council's Local Job Evaluation Pay Framework. Pay progression for teachers is performance related and is determined by the pay committee of the governing body with recommendations from the Headteacher. The Headteacher's pay progression is determined by the pay committee with recommendations from the Headteacher's performance review panel. Support staff receive annual pay progression within a set grade as determined by the job evaluation pay framework.

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**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Objectives and Activities**

**Objects and Aims**

The company was set up on 1 April 2013. The principal object and activity of the Charitable Company is the operation of Northwood Primary School; to provide a broad and balanced education to our pupils. Our school motto is 'A World of Opportunities' and we strive to ensure that this is the case for each pupil. Our aim is for every child to achieve the best possible education in the fullest sense of the word. For this to be attained

- our pupils must feel safe and secure
- our teaching must be outstanding
- our staff trained, well equipped and motivated
- our funds spent efficiently and effectively
- our governors and members be well informed
- our Community included and effectively used.

**Objectives, Strategies and Activities**

The main objectives for the year ended 31 August 2016 were as follows:

- To make the monitoring of teaching and learning more robust so that areas of weakness are dealt with rapidly.
- To strengthen governor knowledge pertaining to the quality of teaching and learning.
- To ensure the teachers standard of marking and feedback continues to improve.
- To develop a curriculum which will engage all pupils, particularly boys and those entitled to the Pupil Premium, across all phases.
- To ensure effective questioning and Assessment for Learning is embedded across all phases.
- To ensure effective variation is used in all lessons.
- To provide a learning environment which will assist outstanding provision in EYFS.
- To narrow the gap between Pupil Premium and non-Pupil Premium pupils in Years 1, 3 and 5.
- To strengthen the leadership skills of and the knowledge within the governing body.
- To strengthen the skills and knowledge of middle leaders.

These objectives span an 18 month period.

**Public Benefit**

The governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

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

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**Strategic Report**

**Achievements and Performance - including Key Performance Indicators**

**EYFS Data Summary**

Measure	2014			2015			2016		
	Sch.	Nat.	Diff.	Sch.	Nat.	Diff.	Sch.	Nat.	Diff.
GLD	77%	60%	+17%	81%	66%	+15%	68%	69%	-1%
CL	97%	77%	+20%	85%	84%	+1%	68%	82%	-14%
PD	94%	86%	+8%	96%	91%	+5%	84%	84%	0
PSED	95%	81%	+14%	93%	88%	+5%	84%	83%	+1%
Literacy	85%	66%	+19%	81%	74%	+7%	68%	68%	0
Numeracy	87%	72%	+15%	89%	78%	+11%	72%	77%	-5%

**Key Stage 1 SATs Results**

<b>Reading 2016</b>	<b>Age Related Expectations</b>
School	79%
National	74%

<b>Writing 2016</b>	<b>Age Related Expectations</b>
School	79%
National	65%

<b>Maths 2016</b>	<b>Age Related Expectations</b>
School	72%
National	75%

**Key Stage 2 SATs Results**

<b>Reading</b>	<b>Age Related Expectations</b>
School	58%
National	66%

<b>Writing</b>	<b>Age Related Expectations</b>
School	75%
National	74%

<b>Maths</b>	<b>Age Related Expectations</b>
School	58%
National	70%

<b>Spelling &amp; Grammar</b>	<b>Age Related Expectations</b>
School	50%
National	72%

<b>R/W/M Combined</b>	<b>Age Related Expectations</b>
School	42%
National	53%



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

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**Achievements and Performance - including Key Performance Indicators (continued)**

The academy had an OFSTED inspection in March 2015. The overall judgement was that the school requires improvement, however behaviour of the children was judged as good and safeguarding as outstanding.

The next full inspection is due in March 2017 and despite a fall in Key Stage 2 results they are not deemed to be under the government's benchmark and cannot be judged in comparison with previous results. School self-evaluation by the Senior Leadership Team and supported by a National Leader in Education is that the school is good. The governors appointed an experienced new Maths Leader following the retirement of a long standing member of staff. This has led to a strengthening of the Senior Leadership Team and staff embedding the mastery method of maths teaching.

**Going Concern**

After making appropriate enquiries, the governing body 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**

Most of the School's income is obtained from the Education Funding Agency (EFA) in the form of current and capital grants, the use of which is restricted to particular purposes. The grants received during 2015/16 and the associated expenditure is shown as restricted funds in the Statement of Financial Activities. Flat cash funding settlements set against a background of rising costs, particularly employment on-costs such as pensions and national insurance contributions, have been accommodated through prudent financial management and cost reductions; regrettably this included reductions in both teaching and support staff.

**Reserves Policy**

Our aim is to use the allocated funding each year for the full benefit of the children currently attending the school. However we do budget a small amount each year for unforeseen circumstances. The school holds an £18,344 unrestricted income fund as at 31 August 2016; this is in line with the policy stated above.

The reserves as at 31 August 2016 were as follows:

- Unrestricted (free) reserves of £18,344
- A restricted fixed asset fund of £1,258,992, which can only be realised through disposal of fixed assets
- Other restricted fixed asset funds of £36,631
- A pension deficit of £797,000
- Total funds of £516,967

There is a £797,000 deficit in respect of the Local Government Pension Scheme. This will result in increased employers' pension contributions over a period of years. We have reflected the effect of increased pension costs in our future budgets. Increased pension contributions will be met from the academy trust's budgeted annual income, and whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund, or direct impact on the free reserves of the academy trust as a result of recognising the deficit.

Further details regarding funds can be found in the notes to the financial statements.

**Investment Policy**

The objective is to maximise investment on any long term accrued balances in order to protect those balances against inflation. The school also aims to invest any other surplus cash fund on a short term basis. All investments will be made ensuring there is no tangible risk to the loss of these funds. Where a short term surplus is identified these funds will be invested through the Treasury Deposits mechanism using the School's bankers Lloyds Bank. Investments are made with regard to the Charity Commission guidance in relation to investments.

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

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**Principal Risks and Uncertainties**

Flat cash funding settlements set against a background of rising costs, particularly employment on-costs such as pensions and national insurance contributions, present a principal and unprecedented risk to the School. The governing body will continue to manage this risk through prudent financial management and, if necessary, further cost reductions. Inevitably this will increase the number of undesirable impacts on the scope of educational opportunities afforded to children at the school; the governing body expresses its frustration and regret that current funding levels are necessitating this approach.

All administrative and support staff are entitled to membership of the Local Government Pension Scheme. The School's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the School's balance sheet shows a net liability of £797,000. The actuary's assumptions are very much influenced by the current economic climate both nationally and internationally.

**Plans for Future Periods**

The intent of the governing body is for the School to continue working together with staff, young learners, and parents to enhance the education provision in our local area. We will strive to improve the education prospects of children in Northwood Primary School and we will play our part in a shared leadership approach to the education provision on the Island. It remains our intention to use the allocated funding each year for the full benefit of the children attending the school at that time.

**Auditor**

Insofar as the governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the governors 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.

This report, incorporating the strategic report, was approved by order of the governing body, as the company directors, on 15 December 2016 and signed on the board's behalf by:



.....  
**V Garrett**  
**Chair of Governors**

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**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
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**GOVERNANCE STATEMENT**

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**Scope of Responsibility**

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

The governing body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Northwood Primary School Academy Trust and the Secretary of State for Education. They are 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 Governors' Report and in the Statement of Trustees' Responsibilities. The full governing body (FGB) has formally met six times during the year, the Achievement, Curriculum and Learning Committee (ACL) has formally met five times during the year and the Finance, Management and Administration Committee (FMA) has formally met four times during the year. Attendance during the year at meetings of the governing body and sub committees was as follows:

<b>Trustee</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
Wendy Bluestone (resigned 31 August 2016)	7	10
Catherine Brignell	10	11
Sarah Collier	6	11
Viv Garrett (Chair)	14	15
Jemma Harding (appointed 1 September 2015)	6	11
Sarah Hussey	15	15
Alex Moffat (Vice Chair, appointed 1 September 2016)	9	10
Neil Reed	9	10
Anne Sheath	5	11
Avril Sice	10	10
Adrian Smith	9	10
Hayley Williams (resigned 31 August 2016)	11	11

The governing body changed their committee structure from September 2015, reintroducing two sub committees. The FGB determines the strategic direction of the school, considers and approves policies as appropriate, and oversees the work of the two sub committees. The FGB considered and approved the acceptance of the Academy's budget at the start of the year. The FMA oversaw the financial affairs of the school, undertook reviews of financial policies and procedures, the monitoring and review of income/expenditure ensuring compliance with the overall financial plan for the Academy. The FMA monitored and reviewed the overall effectiveness of all matters concerning the school premises and grounds, security and Health and Safety (including Safeguarding) along with the effectiveness of leadership and management pertaining to them. The ACL monitored and reviewed the progress of pupils, the quality of teaching and the effectiveness of teaching and learning (including the progress of pupil premium and other low attaining groups) along with the effectiveness of leadership and management pertaining to them.

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**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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**Review of Value for Money**

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

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

- A restructure of the existing Support Staff was undertaken during the summer term in preparation for the start of the school year in September 2016. This has resulted in a more cost effective, flexible and streamlined structure with staff now moving between classes, providing support where most needed rather than being based in just one class. Additional savings have been identified by timetabling the Higher Level Teaching Assistants to provide cover in class for PPA release.
- In April 2016 the existing contract with Zurich Municipal for insurance cover was not renewed. Insurance cover is now provided by the EFA through the Risk Protection Arrangement. This has resulted in a yearly saving of £5,000.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Northwood Primary School Academy Trust for the year 1 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 governing body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 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 governing body.

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**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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**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:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body
- regular reviews by the governing body of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed an experienced School Business Manager of a local maintained school as an Independent Reviewer (IR).

The IR's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis the IR reports to the governing body on the operation of the systems of control and the discharge of the governors' financial responsibilities.

**Review of Effectiveness**

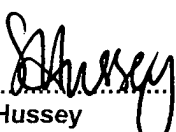
As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the Independent Reviewer
- 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

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

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

  
.....  
V Garrett  
Chair of Trustees

  
.....  
S Hussey  
Accounting Officer

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**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
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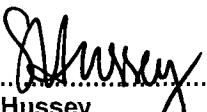
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Northwood Primary School Academy 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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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

  
.....  
**S Hussey**  
**Accounting Officer**

Date: 15 December 2016

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**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
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**STATEMENT OF GOVERNORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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The Governors (who act as governors of Northwood Primary School Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the governing body on 15 December 2016 and signed on its behalf by:

  
.....  
V Garrett  
Chair of Governors

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**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**

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We have audited the financial statements of Northwood Primary School Academy Trust for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS**

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

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



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**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**

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**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Governors' report, incorporating the Strategic 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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Governors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



Richard Hurst FCA (Senior statutory auditor)  
for and on behalf of  
**Hopper Williams & Bell Limited**  
Statutory Auditor  
Highland House  
Mayflower Close  
Chandlers Ford  
Eastleigh  
Hampshire  
SO53 4AR  
Date: 15 December 2016

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**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO NORTHWOOD  
PRIMARY SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 19 September 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 Northwood Primary School Academy Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST'S  
ACCOUNTING OFFICER AND THE REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of Northwood Primary School Academy Trust's funding agreement with the Secretary of State for Education dated 1 April 2013, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

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

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

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

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

## SUMMARY OF WORK UNDERTAKEN

We carried out the following:


- planning of assurance procedures including identifying key risks;
- substantive testing including analytical review;
- concluding on procedures carried out.

Substantive testing included the following procedures:

- confirming that activities conform to the Academy's framework of authorities;
- considering the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance;
- evaluating the general control environment of the Academy;
- testing a sample of transactions to consider whether the transaction is permissible within the Academy's framework of authorities;
- confirming whether any extra-contractual payments have been made and whether appropriate authority was obtained;
- reviewing documentation for evidence of borrowing and confirming if approval was obtained from the EFA;
- confirming whether EFA approval was obtained for any disposals of assets;
- reviewing the internal control procedures relating to credit cards;
- reviewing for any indication of purchases for personal use by staff or officers;
- reviewing the list of suppliers to consider whether supplies are from related parties;
- considering whether income generating activities are permissible within the Academy's charitable objects;
- reviewing whether lettings to related parties are made at favourable rates.

## CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Richard Hurst FCA (Senior statutory auditor)  
for and on behalf of  
**Hopper Williams & Bell Limited**  
Statutory Auditor  
Highland House  
Mayflower Close  
Chandlers Ford  
Eastleigh  
Hampshire  
SO53 4AR

Date: 15 December 2016

**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Un- restricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	2,709	-	6,374	9,083	12,399
Charitable activities	3	-	946,811	-	946,811	974,127
Other trading activities	4	1,150	-	-	1,150	6,083
Investments	5	173	-	-	173	195
<b>TOTAL INCOME</b>		<b>4,032</b>	<b>946,811</b>	<b>6,374</b>	<b>957,217</b>	<b>992,804</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		-	1,022,719	30,299	1,053,018	1,058,622
<b>TOTAL EXPENDITURE</b>	6	<b>-</b>	<b>1,022,719</b>	<b>30,299</b>	<b>1,053,018</b>	<b>1,058,622</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	15	4,032 (28,408)	(75,908) 37,908	(23,925) (9,500)	(95,801) -	(65,818) -
<b>NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		(24,376)	(38,000)	(33,425)	(95,801)	(65,818)
Actuarial losses on defined benefit pension schemes	19	-	(246,000)	-	(246,000)	(7,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>(24,376)</b>	<b>(284,000)</b>	<b>(33,425)</b>	<b>(341,801)</b>	<b>(72,818)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		42,720	(513,000)	1,329,048	858,768	931,586
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>18,344</b>	<b>(797,000)</b>	<b>1,295,623</b>	<b>516,967</b>	<b>858,768</b>

The notes on pages 21 to 40 form part of these financial statements.

**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08405075**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Tangible assets	12		1,258,992		1,255,455
<b>CURRENT ASSETS</b>					
Debtors	13	29,409		26,121	
Cash at bank and in hand		108,596		139,012	
		<u>138,005</u>		<u>165,133</u>	
<b>CREDITORS: amounts falling due within one year</b>	14	(83,030)		(48,820)	
<b>NET CURRENT ASSETS</b>			<u>54,975</u>		<u>116,313</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,313,967</u>		<u>1,371,768</u>
Defined benefit pension scheme liability	19		(797,000)		(513,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>516,967</u></u>		<u><u>858,768</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds excluding pension liability		1,295,623		1,329,048	
Pension reserve		<u>(797,000)</u>		<u>(513,000)</u>	
Total restricted income funds			<u>498,623</u>		<u>816,048</u>
Unrestricted income funds	15		<u>18,344</u>		<u>42,720</u>
<b>TOTAL FUNDS</b>			<u><u>516,967</u></u>		<u><u>858,768</u></u>

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

  
.....  
V Garrett  
Chair of Governors

The notes on pages 21 to 40 form part of these financial statements.

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**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	17	<u>3,420</u>	<u>(7,246)</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		<u>(33,836)</u>	<u>(20,648)</u>
<b>Net cash used in investing activities</b>		<u>(33,836)</u>	<u>(20,648)</u>
<b>Change in cash and cash equivalents in the year</b>		<u>(30,416)</u>	<u>(27,894)</u>
Cash and cash equivalents brought forward		<u>139,012</u>	<u>166,906</u>
<b>Cash and cash equivalents carried forward</b>	18	<u><u>108,596</u></u>	<u><u>139,012</u></u>

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**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**1. 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.

**1.1 Basis of preparation of financial statements**

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

Northwood Primary School Academy Trust constitutes a public benefit entity as defined by FRS 102.

**First time adoption of FRS 102**

These financial statements are the first financial statements of Northwood Primary School Academy 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 Northwood Primary School Academy 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 Governors 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 23.

**1.2 Fund accounting**

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

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

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

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**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

**1.4 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Charitable activities and Governance costs are costs incurred on the Academy's educational operations, including support costs and costs relating to the governance of the Academy apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

**1.5 Going concern**

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



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**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

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

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**1. ACCOUNTING POLICIES (continued)**

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised.

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

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

Long-term leasehold property	-	50 years - straight line
Plant and machinery	-	5 years - straight line
Fixtures and fittings	-	20% - reducing balance
Computer equipment	-	5 years - straight line

**1.7 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

**1.8 Interest receivable**

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

**1.9 Taxation**

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

**1.10 Debtors**

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

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**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

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

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**1. ACCOUNTING POLICIES (continued)**

**1.11 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.12 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.13 Financial instruments**

The Academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**1.14 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, 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.

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**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.14 Pensions (continued)**

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

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

**1.15 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 19, 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.

Critical areas of judgement:

There are no other critical areas of judgement.

**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

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

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Un- restricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	2,709	-	-	2,709	6,036
Capital grants	-	-	6,374	6,374	6,363
	<u>2,709</u>	<u>-</u>	<u>6,374</u>	<u>9,083</u>	<u>12,399</u>
Total donations and capital grants	2,709	-	6,374	9,083	12,399

In 2015, of the total income from donations and capital grants, £6,036 was to unrestricted funds and £6,363 was to restricted funds.

**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Un- restricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	817,140	817,140	819,496
DfE/EFA other grants	-	76,702	76,702	80,459
	<u>-</u>	<u>893,842</u>	<u>893,842</u>	<u>899,955</u>
<b>Other government grants</b>				
Local authority grants	-	9,697	9,697	14,186
	<u>-</u>	<u>9,697</u>	<u>9,697</u>	<u>14,186</u>
<b>Other funding</b>				
Trip income	-	11,102	11,102	17,313
Tuition fee income	-	-	-	5,114
Other income	-	32,170	32,170	37,559
	<u>-</u>	<u>43,272</u>	<u>43,272</u>	<u>59,986</u>
	<u>-</u>	<u>946,811</u>	<u>946,811</u>	<u>974,127</u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £974,127 was to restricted funds.

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**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

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

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**4. OTHER TRADING ACTIVITIES**

	Un- restricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	31 August 2015 £
Hire of facilities	1,150	-	1,150	6,083

In 2015, of the total income from other trading activities, £6,083 was to unrestricted funds and £ NIL was to restricted funds.

**5. INVESTMENT INCOME**

	Un- restricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	31 August 2015 £
Bank interest	173	-	173	195

In 2015, of the total investment income, £ 195 was to unrestricted funds and £ NIL was to restricted funds.

**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

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

**6. EXPENDITURE**

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Academy's educational operations:					
Direct costs	635,502	-	55,620	691,122	734,960
Support costs	177,382	54,651	129,863	361,896	323,662
	<u>812,884</u>	<u>54,651</u>	<u>185,483</u>	<u>1,053,018</u>	<u>1,058,622</u>

In 2016, of the total expenditure, £NIL (2015 - £NIL) was to unrestricted funds and £1,053,018 (2015 - £1,040,970) was to restricted funds.

**7. ANALYSIS OF SUPPORT COSTS**

	Educational operations £	Total 2016 £	Total 2015 £
Technology costs	6,824	6,824	9,984
Premises costs	54,651	54,651	51,397
Governance costs	8,935	8,935	9,652
Other costs	106,959	106,959	91,061
Wages and salaries	107,554	107,554	104,103
National insurance	4,646	4,646	3,166
Pension cost	42,028	42,028	42,205
Depreciation	30,299	30,299	12,094
	<u>361,896</u>	<u>361,896</u>	<u>323,662</u>

**8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	30,299	31,274
Auditors' remuneration - audit	5,975	5,940
Auditors' remuneration - other services	2,960	3,712
Operating lease rentals	<u>713</u>	<u>713</u>

**NORTHWOOD PRIMARY SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
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**9. STAFF COSTS**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	619,957	630,061
Social security costs	35,811	30,876
Operating costs of defined benefit pension schemes	133,962	122,738
	<u>789,730</u>	<u>783,675</u>
Staff restructuring costs	23,154	1,892
	<u>812,884</u>	<u>785,567</u>

Staff restructuring costs comprise:

Redundancy payments	<u>23,154</u>	<u>1,892</u>
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The average number of persons employed by the Academy during the year was as follows:

	2016 No.	2015 No.
Teachers	7	9
Administration & Support	30	32
Management	5	5
	<u>42</u>	<u>46</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	1	0

The above employee participated in the Teachers' Pension Scheme. During the year, employer's pension contributions for this staff member amounted to £9,910.

The key management personnel of the academy trust comprises 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 £254,144 (2015: £238,735).

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. GOVERNORS' REMUNERATION AND EXPENSES**

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

		2016	2015
		£'000	£'000
S Hussey, Headteacher	Remuneration	60-65	55-60
	Pension contributions paid	5-10	5-10
M Hill	Remuneration	-	10-15
	Pension contributions paid	-	0-5
A Sice	Remuneration	5-10	5-10
	Pension contributions paid	0-5	0-5
A Strand	Remuneration	-	40-45
	Pension contributions paid	-	5-10

During the year, no Governors received any benefits in kind (2015 - £NIL).

During the year, no Governors received any reimbursement of expenses (2015 - £NIL).

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

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Governors and officers indemnity element from the overall cost of the RPA scheme.



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**12. TANGIBLE FIXED ASSETS**

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2015	1,268,485	5,356	6,833	48,153	1,328,827
Additions	26,942	-	2,394	4,500	33,836
At 31 August 2016	1,295,427	5,356	9,227	52,653	1,362,663
<b>Depreciation</b>					
At 1 September 2015	46,350	1,700	2,841	22,481	73,372
Charge for the year	19,563	1,071	798	8,867	30,299
At 31 August 2016	65,913	2,771	3,639	31,348	103,671
<b>Net book value</b>					
At 31 August 2016	1,229,514	2,585	5,588	21,305	1,258,992
At 31 August 2015	1,222,135	3,656	3,992	25,672	1,255,455

Included in Long-term leasehold property is leasehold land at valuation of £308,000, which is not depreciated.

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**13. DEBTORS**

	2016 £	2015 £
Trade debtors	-	25
Other debtors	8,547	7,167
Prepayments and accrued income	20,862	18,929
	<u>29,409</u>	<u>26,121</u>

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

	2016 £	2015 £
Trade creditors	19,948	9,852
Other taxation and social security	11,591	10,184
Accruals and deferred income	51,491	28,784
	<u>83,030</u>	<u>48,820</u>

	2016 £	2015 £
<b>Deferred income</b>		
Deferred income at 1 September 2015	19,884	16,885
Resources deferred during the year	19,587	19,884
Amounts released from previous years	(19,884)	(16,885)
Deferred income at 31 August 2016	<u>19,587</u>	<u>19,884</u>

Deferred income relates to Universal Infant Free School Meals and Rates Relief grants in relation to 2016/17.

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**15. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General fund	42,720	4,032	-	(28,408)	-	18,344
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	817,140	(817,140)	-	-	-
Pupil premium	-	46,330	(46,330)	-	-	-
Other DfE/EFA grants	-	30,372	(30,372)	-	-	-
Local authority grants	-	9,697	(9,697)	-	-	-
Other educational activities	-	43,272	(81,180)	37,908	-	-
Pension reserve	(513,000)	-	(38,000)	-	(246,000)	(797,000)
	<u>(513,000)</u>	<u>946,811</u>	<u>(1,022,719)</u>	<u>37,908</u>	<u>(246,000)</u>	<u>(797,000)</u>
<b>Restricted fixed asset funds</b>						
Fixed asset fund	1,255,455	-	(30,299)	33,836	-	1,258,992
DfE/EFA capital grants	-	6,374	-	(6,374)	-	-
Local authority capital grants	73,593	-	-	(36,962)	-	36,631
	<u>1,329,048</u>	<u>6,374</u>	<u>(30,299)</u>	<u>(9,500)</u>	<u>-</u>	<u>1,295,623</u>
Total restricted funds	<u>816,048</u>	<u>953,185</u>	<u>(1,053,018)</u>	<u>28,408</u>	<u>(246,000)</u>	<u>498,623</u>
Total of funds	<u>858,768</u>	<u>957,217</u>	<u>(1,053,018)</u>	<u>-</u>	<u>(246,000)</u>	<u>516,967</u>

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

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

**General annual grant**

This includes all funding received from the EFA to carry out the objectives of the academy. It includes the school budget share, minimum funding guarantee, education services grant, insurance, rates, and pre-16 high need funding streams.

**Pupil premium and other DfE/EFA grants**

This is funding received from the EFA for specific purposes.

**Local authority grants**

This is funding received from the local authority for specific purposes, for example Special Educational Needs funding.

**Other educational activities**

This includes all other educational income/expenditure.

**Pension reserve**

This represents the negative reserve in respect of the liability on the LGPS pension scheme which was transferred to the academy on conversion.

**Fixed asset fund**

The fund includes the value of the tangible fixed assets of the academy on conversion, and amounts transferred from GAG or other restricted funds specifically for expenditure on tangible fixed assets, and the annual charges for depreciation of these assets.

**DfE/EFA capital grants**

This is money received from the DfE/EFA specifically for expenditure on tangible fixed assets.

**Local authority capital grants**

This is funding received from the local authority specifically for expenditure on tangible fixed assets.

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

	Un- restricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	1,258,992	1,258,992	1,255,455
Current assets	18,344	83,030	36,631	138,005	165,133
Creditors due within one year	-	(83,030)	-	(83,030)	(48,820)
Pension reserve	-	(797,000)	-	(797,000)	(513,000)
	<u>18,344</u>	<u>(797,000)</u>	<u>1,295,623</u>	<u>516,967</u>	<u>858,768</u>

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

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(95,801)	(65,818)
<b>Adjustment for:</b>		
Depreciation charges	30,299	31,274
Loss on the sale of fixed assets	-	143
Increase in debtors	(3,288)	(5,228)
Increase/(decrease) in creditors	34,210	(7,617)
Defined benefit pension scheme cost less contributions payable	38,000	40,000
<b>Net cash provided by/(used in) operating activities</b>	<b>3,420</b>	<b>(7,246)</b>

**18. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Notice deposits (less than 3 months)	108,596	139,012
<b>Total</b>	<b>108,596</b>	<b>139,012</b>

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**19. PENSION COMMITMENTS**

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the Isle of Wight 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.

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

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £55,778 (2015 - £49,344).

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**19. PENSION COMMITMENTS (continued)**

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £73,000 (2015 - £65,000), of which employer's contributions totalled £59,000 (2015 - £52,000) and employees' contributions totalled £14,000 (2015 - £13,000). The agreed contribution rates for future years are 13.1% for employers and between 5.5% and 7.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.70 %
Expected return on scheme assets at 31 August	2.00 %	3.70 %
Rate of increase in salaries	4.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.10 %	2.60 %

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

	2016	2015
Retiring today		
Males	22.4	22.4
Females	24.5	24.5
Retiring in 20 years		
Males	23.8	23.8
Females	26.7	26.7

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**19. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	451,000	334,000
Bonds	198,000	142,000
Property	34,000	30,000
Cash	-	-
Total market value of assets	<u>683,000</u>	<u>506,000</u>

The actual return on scheme assets was £104,000 (2015 - £17,000).

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

	2016 £	2015 £
Current service cost	(78,000)	(74,000)
Interest cost	(19,000)	(18,000)
Total	<u>(97,000)</u>	<u>(92,000)</u>

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

	2016 £	2015 £
Opening defined benefit obligation	1,019,000	890,000
Current service cost	78,000	74,000
Interest cost	39,000	35,000
Contributions by employees	14,000	13,000
Actuarial losses	330,000	7,000
Closing defined benefit obligation	<u>1,480,000</u>	<u>1,019,000</u>



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**19. PENSION COMMITMENTS (continued)**

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

	2016 £	2015 £
Opening fair value of scheme assets	506,000	424,000
Interest income	20,000	17,000
Actuarial gains and (losses)	84,000	-
Contributions by employer	59,000	52,000
Contributions by employees	14,000	13,000
	<u>683,000</u>	<u>506,000</u>
Closing fair value of scheme assets	<u>683,000</u>	<u>506,000</u>

**20. OPERATING LEASE COMMITMENTS**

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
<b>Amounts payable:</b>		
Within 1 year	713	713
Between 1 and 5 years	949	1,669
	<u>1,662</u>	<u>2,382</u>
Total	<u>1,662</u>	<u>2,382</u>

**21. RELATED PARTY TRANSACTIONS**

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

The following related party transactions took place during the year:

- 1) French Franks Food Co. (a business controlled by M Horton, Member) - purchases of £200 (2015: £223). No balance was outstanding at 31 August 2016 or 31 August 2015.
- 2) Mr M Malacky (close family of H Williams, Trustee) - maintenance costs of £3,389 (2015 - £1,684) were paid during the year. No balance was outstanding at 31 August 2016 or 31 August 2015.

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**22. 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.

**23. FIRST TIME ADOPTION OF FRS 102**

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

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