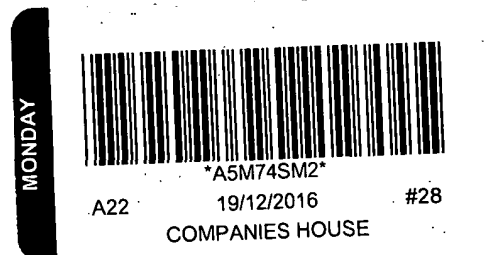


BURTON AND SOUTH DERBYSHIRE EDUCATION TRUST
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2016



Company Limited by Guarantee
Registration Number: 09142556
(England & Wales)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES AND ADVISORS

Members	J Beaty E Laird D Ward
Trustees	E Laird - Chair M Church - Chief Operating Officer (resigned 31 May 2016) J Beaty G Chin - Chief Finance Officer J Jackson P Lawrence (resigned 16 December 2015) D McMillan B Robinson D Ward V Phillips (resigned 27 October 2015) B O'Brien (appointed 10 March 2016) F Goodwin (appointed 10 March 2016)
Central MAT - Senior Management Team	
Chief Operating Officer	B O'Brien
Chief Finance Officer	G Chin
Headteacher - Kingfisher Academy	M Burkett
Principal and Registered Office	Burton and South Derbyshire College Lichfield Street Burton on Trent Staffordshire DE14 3RL
Academy Address	Kingfisher Academy Outwoods Street Burton on Trent DE14 2PJ
Company Registration Number	09142556
Independent Auditor	UHY Hacker Young (Birmingham) LLP 9-11 Vittoria Street Birmingham B1 3ND
Bankers	Barclays Plc 22-23 High Street Burton on Trent Staffordshire DE14 1HU

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2016.

The company was formed on 22 July 2014 and the Multi Academy Trust commenced on 1 October 2014. The trust operates 1 junior school for pupils aged 7 to 11 serving the catchment areas of Burton on Trent. It has a pupil capacity of 240 and a roll of 199 in the school census on 21st January 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT**Constitution**

The Multi Academy Trust is a company limited by guarantee with no share capital (Registration Number: 09142556) and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Multi Academy Trust. The trustees of Burton and South Derbyshire Education Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Burton and South Derbyshire Education Trust.

Details of the trustees who served during the year except as noted are included in the table below.

Name	Status	Current	Appointed	Resigned
D Ward	CEO/ Sponsor/Member	Yes	22-Jul-14	
J Beaty	Sponsor Director/Member	Yes	17-Jan-15	
E Laird	Chair/Member	Yes	17-Jan-15	
G Chin	Sponsor Director/CFO	Yes	30-Mar-15	
M Church	Sponsor Director/COO	Yes	17-Jan-15	10-Mar-16
V Phillips	Sponsor Director	No	01-Jun-15	27-Oct-15
D McMillan	Sponsor	Yes	22-Jul-14	
B Robinson	Independent Director	Yes	01-Jun-15	
P Lawrence	Independent Director	Yes	01-Jun-15	15-Dec-15
J Jackson	Independent Director	Yes	01-Jun-15	
B O'Brien	Chief Operating Officer	Yes	10-Mar-16	
F Godwin	Independent Director	Yes	10-Mar-16	

Members' Liability

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

Method of Recruitment and Appointment or Election of Trustees

There are clearly defined and approved procedures for the selection and appointment of trustees which are outlined in the company's Articles of Association. These include application, shortlisting and interview procedures. Consideration is given to the skills of trustees which would enhance the effectiveness of the trust.

With regard to Parent and Staff trustees, procedures are in place for nomination and election of the trustees as part of local governing bodies of the academies.

Policies and Procedures Adopted for the Induction and Training of Trustees

An induction pack containing relevant documentation needed to undertake the role is evolving and will be updated regularly so that it can be provided to all newly appointed trustees. The induction pack describes their role as a trustee and gives some basic information about the academies including the local governing bodies. Training for trustees is undertaken depending on their experience.

Organisational Structure

The structure consists of three levels: the trustees, the Senior Leadership Team and Academy Local Governing Bodies. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels whilst maintaining accountability.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Organisational Structure (cont'd)**

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the academies through the use of budgets and making major decisions about the direction of the academies, capital expenditure and staff appointments.

The trustees control the academies at an executive level, whilst the Senior Leadership Teams in each academy (Principal and Vice Principals) implement the policies laid down by the trustees and report back to them. The Senior Leaders are responsible, in line with the Trust Schemes of Delegation, for the authorisation of spending within agreed budgets and the appointment of the majority of staff.

The Company has 3 "Members" who are also the subscribers to the articles of association, who can and have appointed directors for an initial 4 year term to run the business. Members are Principal, Chair and College(Corporate Member) of the Burton and South Derbyshire College Corporation. This arrangement applies as the College Corporation is the academy trust sponsor.

The Trust has appointed local governing bodies as sub-committees to the MAT. Each LGB is chaired by a Director of the Trust and includes at least one other Director.

Arrangements for setting pay and remuneration of key management personnel

Pay for the Chief Operating Officer is based on the level of qualifications, knowledge, expertise and experience required to carry out the post and this rate has been approved by governors. A new COO was appointed during the year on the same rate as the retiring officer.

OBJECTIVES AND ACTIVITIES**Objects and Aims**

The Multi Academy Trust's objects are specifically restricted to advance for the public benefit education in the United Kingdom.

To achieve this, the Multi Academy Trust identified the following aspirational and measurable outcomes for each individual academy for the period: -

- Every lesson to be good or better.
- Every child to make at least national expectations in both attainment and progress.
- Every academy to be well led and governed.
- All teachers motivated to self-improve and aspire to excellence.
- All academies to be judged good or better at Section 5 Inspections.

Principal Activities

At BSDET, we work in partnership with young people, parents and carers to ensure that every student will:

- Feel safe, happy and healthy;
- Enjoy high quality learning opportunities, in a school at the leading edge of innovation;
- Feel challenged and inspired to achieve excellence in every aspect of their lives;
- Become confident, enterprising, creative learners, fully equipped for life and work;
- Become fully-rounded and responsible citizens, making a positive contribution to the school, local, national and global community.

Objects, Strategies and Activities

To meet these priorities the Trust has appointed an operational team who have adopted a number of strategies and activities that include: -

- Identify with individual academies what a good and outstanding lesson look like.
- Ensure the progress of every child is monitored and reported.
- Encourage outwardly facing Senior Leaders, who seek best practice from cutting-edge and innovative schools.
- Introduce and embed the BSDET school improvement model to develop quality teaching within the academies.
- Offer central support with recruitment of staff, particularly in the areas of finance and senior leadership.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Equal opportunities policy**

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled Persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the academy. The policy of the academy is to support recruitment and retention of students and employees with disabilities. The academy does this by adapting the physical environment, by making support resources available and through training and career development.

Public Benefit

Trustees have consideration to the Charity's Commission's general guidance on public benefit and in particular to its supplementary guidance on education. As noted above, the Multi Academy Trust's objective is to advance for the public benefit education in the United Kingdom.

STRATEGIC REPORT**Achievements and Performance**

BSDET achievements in 2015/16 include:

- The Kingfisher Academy has been developing a strategy to increase school leadership capacity and develop more sustainable school improvement.
- A capital project bid to the CIF fund was successful during the year and work has commenced to improve the fabric of the school with the funding.
- The ongoing close working relationship between the academy and sponsor to share knowledge and expertise, to seek out best practice and to realise the vision of the Trust.

Achievement of pupils at Kingfisher Academy

Validated KS2 attainment and progress results will be available in November. A significant proportion of pupils have EAL and make rapid progress from their starting point.

Key Financial Performance Indicators

The trust established a financial budget at the start of the year and then monitored performance against budget during the period. Further financial and non-financial indicators will be introduced as the trust develops. It is anticipated that benchmarking will be a key tool in ensuring the academy is delivering value for money.

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Multi 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**Overview**

The principal source of funding for the academy is the General Annual Grant together with the conversion grant.

Most of the Multi Academy Trust's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Multi Academy Trust also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

At 31 August 2016 the net book value of fixed assets was £1,441,000 (2015 : £1,435,000) and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Local Government Pension Scheme (LGPS) figures as at 31 August 2016 are based on projecting forward the estimated position at 1 September 2015 and assuming that the experience over the period, apart from investment returns, has been in line with the assumptions made at the start of the period.

The estimated FRS102 deficit at 31 August 2016 is £366,000 (2015 : £286,000) which compares to a deficit of £286,000 at 1 September 2015. The main reason for the increase in the deficit is because of the asset return over the period being different to assumptions.

It should be noted that the balance sheet, profit and loss and statement of recognised gains and losses figures will be volatile over time. This is generally because the FRS102 liabilities are largely linked to corporate bond yields whereas the scheme invests a large part of its assets in equities.

Financial and Risk Management Objectives and Policies

The Trust's financial and risk management objectives are documented in its:

- Official budgets
- Scheme of delegation
- Financial regulations
- Risk management policy

These documents are available on request, and particular items which warrant specific disclosure are noted within this annual report.

At the time of reporting, the trust's identified key risks are:

- The risk of achievement in core subjects being below expectations;
- Complying with legislative requirements regarding employment law, data protection, discrimination, Companies House and HMRC, child protection and safeguarding, the Charity Commission and the National Curriculum;
- Financial Risk - not operating within budget and running a deficit, changes in funding, falling pupil numbers, inappropriate or insufficient financial controls and systems, fraudulent activity and/or financial commitments made without adequate authorisation;
- Operational risks resulting from inexperienced or inappropriate staff being employed and inaccurate, out of date or inappropriate information;
- Condition of buildings acting as a barrier to achievement.

Mitigating action, both current and planned, has been identified to address these risks. This is also true of all other risks that have been formally identified which have a lower level of impact and/or likelihood.

Reserves policy

The trustees review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees have determined that the appropriate level of reserves for the current number of academies should be equivalent to 4 weeks expenditure, approximately £100,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Any surplus reserves built up by the Academy are earmarked to cover:

- planned capital expenditure;
- improve the quality of learning and social spaces within the academy;
- forecast increases in employer contributions to the Local Government Pension Scheme.

The value of free reserves after deducting 4 weeks working capital requirements are £94,000.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Financial position**

The Academy held fund balances at 31 August 2016 of £1,269,000 (2015 : £1,276,000), after allowing for the pension deficit of £366,000; comprising £1,500,000 of restricted funds and £135,000 of unrestricted general funds.

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.

Investment Policy

All investments are made in accordance with the policy of the trust. The trust's policy on investments are one of minimum risk with all investments being held with the trust's bankers. The trust will nevertheless seek to maximise interest receipts within this arrangement. this policy will be reviewed in the year ending 31 August 2016. Investments are made with regard to Charity Commission guidance in relation to investments.

PRINCIPAL RISKS AND UNCERTAINTIES

The board has considered the risks faced by the trust throughout its normal operational business. It has sought to address the risks faced by the trust by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The board considers that these arrangements have been effective throughout the period being reported.

The Board intends to build on this success by establishing a formal risk management policy, which will formally document the managerial action that is taking place, and should enable future risk management to be more systematic.

Risk Management

The major risks to which the Multi Academy Trust is exposed have been identified on the academy's Risk Register and are identified in the Financial Review on page 6. Trustees have reviewed the risks to which the Multi Academy Trust is exposed and systems and procedures have been put in place to manage these.

Plans for future periods

The deficit position of the Local Government Pension Scheme may result in an increase in employers pension contributions over a period of years. It is intended that the Academy will revisit its current business plans and budgets and ascertain how the pension costs might impact on the budgets in the future.

Auditors

In so far as the trustees are aware:

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

The auditors, UHY Hacker Young (Birmingham) LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report incorporating a Strategic Report was approved by the board of trustees, as the company directors on 15 December 2016 and signed on their behalf by:



.....
Earl Laird

Chair of Trustees

15 December 2016

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016**Scope of Responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that the Burton and South Derbyshire Education Trust has an effective and appropriate system of financial and management control.

The board of Trustees has delegated the day-to-day responsibility to the Chief Operating Officer (COO) and Chief Finance Officer (CFO) 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 the Burton and South Derbyshire Education Trust and the Secretary of State for Education. The COO/CFO are responsible for reporting to the Trustees any material weaknesses or breakdowns in internal controls.

Governance

The information here supplements the Trustees' report and the statement of Trustees' responsibilities. The Trustees met 4 times between 1 September 2015 and 31 August 2016. Attendance was as follows:

Name	Status	Current	Appointed	Resigned	Meetings Attended 2015/16	Possible Meetings 2015/16
Dawn Ward	CEO/Sponsor/Member	Yes	22-Jul-14		4	4
John Beaty	Sponsor Director/Member	Yes	17-Jan-15		3	4
Earl Laird	Chair/Member	Yes	17-Jan-15		4	4
Gary Chin	Sponsor Director/CFO	Yes	30-Mar-15		4	4
Barbara O'Brien	Sponsor Director/COO	Yes	10-Mar-16		1	1
Martin Church	Sponsor Director/COO	No	17-Jan-15	31-May-16	3	3
Val Phillips	Sponsor Director	No	01-Jun-15	27-Oct-15	1	0
David McMillan	Sponsor	Yes	22-Jul-14		3	4
Fiona Goodwin	Independent Director	Yes	10-Mar-16		1	2
Ben Robinson	Independent Director	Yes	01-Jun-15		2	4
Paul Lawrence	Independent Director	No	01-Jun-15	16-Dec-15	0	2
John Jackson	Independent Director	Yes	01-Jun-15		3	4

Governance Review

An annual self review of governance has been performed as defined by the National College for Teaching and Leadership. The results of this review has identified the following:

- the character of the trust is preserved and developed;
- the activities of the trust are being undertaken in accordance with the academy trust deed;
- there is clarity of vision, ethos and strategic direction;
- the headteacher is held to account for the education of performance of the school and its pupils;
- the financial performance of the school is monitored and value for money obtained;
- governance by the Board of Trustees is effective.

The Academy Trust intends to carry out its next self evaluation on December 2017.

There is no separate Finance Group or Committee with responsibility for overseeing financial activity of the Trust along with other controls and risk management at the current time, these responsibilities being discharged by the Board as a whole. In the context of planned growth this approach is likely to be revisited as the Trust grows. The Board as whole ensures probity and efficiency in the management and expenditure of the Trust income from the DfE, in compliance with the Education Funding Agency's (EFAs) Academies Financial Handbook September 2015 as updated.

Review of Value for Money

As accounting officer the Chief Executive Officer has responsibility for ensuring that the Education 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. During the year the Trust tendered and appointed new contractors for catering, cleaning and capital works to the building.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016

The accounting officer considers how the trust's use of its resources has provided good value for money during each 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 Education Trust has delivered improved value for money during the year by:

- Obtaining three quotations for the provision of screens for classrooms via an operating lease;
- CIF project work resulting in a successful capital bid for fixed price contracts;
- Negotiation of lower cost contracts for work previously performed by the Local Authority.

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, effectively and economically.

Capacity to manage risk

The Trustees have reviewed the key risks to which the Trust is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trustees are of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period of this report 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 Trustees.

The risk and control framework

The 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 board of Trustees;
- regular reviews by the finance group 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 Trust Board has considered the need for a specific internal audit function and decided not to appoint an internal auditor for the year to August 2016. However, the trustees are to consider the appointment of a provider to undertake additional activities as a supplementary programme of work. This Internal Auditor will report to the Audit Group on a regular basis on the operation of the systems of control and on the discharge of the Trust Board's financial responsibilities.

The Trustees have established an Audit Group the inaugural meeting of which will be in early 2016. The Audit Group will be the 'Dedicated Audit Committee' identified by EFA in the 2015/16 version of the Academies Financial Handbook. Given the size of the Trust it was not felt appropriate to instigate Audit Group activity prior to that.

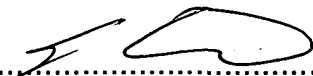
The Group will review internal financial controls at the trust and its academies and agree a programme of work that will address these in order to inform the governance statement that accompanies the trust's annual accounts. It will then advise the board on the adequacy and effectiveness of the systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money) in the Trust and its academies.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016**Review of effectiveness**

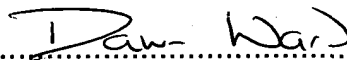
As Accounting Officer the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the period in question, the review has been informed by:

- the work of the external auditor
- the financial management services provided by Burton and South Derbyshire College
- the work of the executive within the academy Trust who have responsibility for the development and maintenance of the internal control framework.

Approved by order of the Trustees on 15 December 2016 and signed on their behalf by:



.....
Earl Laird
Chair of Trustees



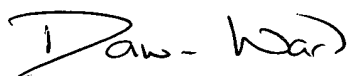
.....
Dawn Ward
Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2016

As accounting officer of Burton and South Derbyshire Education 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 education trust board of trustees are able to identify any material irregular or improper use of funds by the multi academy trust, or material non-compliance with the terms and conditions of funding under the multi 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.



D Ward
Accounting Officer

15 December 2016

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

The trustees (who act as governors of Burton and South Derbyshire Education 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 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 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 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards FRS102 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 academy 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:



Earl Laird
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BURTON AND SOUTH DERBYSHIRE EDUCATION TRUST FOR THE YEAR ENDED 31 AUGUST 2016

We have audited the financial statements of Higham Lane School 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, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the multi academy trust'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 multi academy trust'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 multi academy trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 12, the trustees (who are also the directors of the multi academy trust 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.

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 multi academy trusts circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' 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

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland";
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

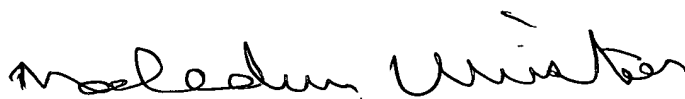
Opinion on other matter prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BURTON AND SOUTH DERBYSHIRE EDUCATION TRUST FOR THE YEAR ENDED 31 AUGUST 2016 (Cont'd)**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.



Malcolm Winston

Senior Statutory Auditor

UHY Hacker Young (Birmingham) LLP, Statutory Auditor

9-11 Vittoria Street

Birmingham

B1 3ND

15 December 2016

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BURTON AND SOUTH DERBYSHIRE EDUCATION TRUST AND THE EDUCATION FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2016

In accordance with the terms of our engagement letter dated 1 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 the multi academy trust during the year 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 the Burton and South Derbyshire Education Trust and the EFA in accordance with our engagement letter. Our review has been undertaken so that we might state to the governing body 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 the Burton and South Derbyshire Education Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Burton and South Derbyshire Education Trust accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Burton and South Derbyshire Education Trust funding agreement with the Secretary of State for Education dated 30 September 2014, and the Academies Financial Handbook extant from 1 September 2014 for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 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 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 education trust's income and expenditure.

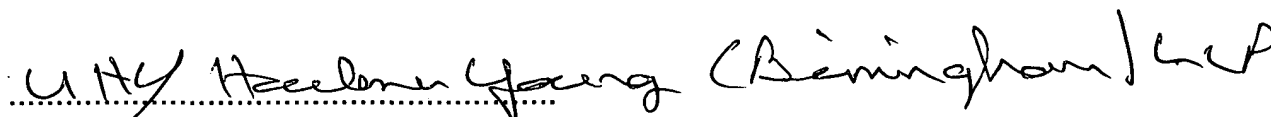
INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BURTON AND SOUTH DERBYSHIRE EDUCATION TRUST AND THE EDUCATION FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2016 (Cont'd)**Approach (con't)**

Summary of the work undertaken was as follows:

- Analytical review of the multi academy trust's general activities are within the multi academy trusts framework of authorities;
- Consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;
- Review of the general control environment for the multi academy trust on financial statements and on regularity;
- Sample testing of expenditure transactions to ensure the activity is permissible within the multi academy trust's framework of authority;
- Confirmation that a sample of expenditure has been appropriately authorised in accordance with the multi academy trust's delegated authorities;
- Formal representations obtained from the board of trustees and the accounting officer acknowledging the responsibilities including disclosing all non compliance with laws and regulations specific to the authorising framework;
- Confirmation that any extra contractual payments such as severance and compensation payments have been appropriately authorised;
- Review of credit card expenditure for any indication of personal use by staff, principal or trustees;
- Review of specific terms of grant funding within the funding agreement;
- Review of related party transactions for connections with the principal/finance manager or trustees;
- Review of income received in accordance with the activities permitted within the multi academy trust's charitable objectives.

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 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.



Reporting Accountant

UHY Hacker Young (Birmingham) LLP

9-11 Vittoria Street

Birmingham

B1 3ND

15 December 2016

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2016

(Including Income and Expenditure Account)

		Unrestricted	Restricted	Restricted	Total	Total
	Note	Funds	General	Fixed	2016	22.07.14
		£'000	Funds	Asset	£'000	to
			£'000	Funds		31.08.15
				£'000		£'000
Income from:						
Donations and capital grants	3	-	-	31	31	-
Transfer from local authority on conversion		-	-	-	-	1,498
Charitable activities:						
- Funding for the academy trust's educational operations	4	-	1,102	-	1,102	1,095
Other trading activities	5	35	-	-	35	20
Investment income	6	-	-	-	-	-
Total		35	1,102	31	1,168	2,613
Expenditure on:						
Raising funds	7	27	-	-	27	20
Charitable activities:						
- Academy trust's educational operations	7 & 8	-	1,065	25	1,090	1,317
Total		27	1,065	25	1,117	1,337
Net income		8	37	6	51	1,276
Transfers between funds		-	-	-	-	-
Other recognised gains and losses						
Change in recognition of LGPS interest cost		-	-	-	-	2
Actuarial loss on defined benefit pension schemes	26	-	(58)	-	(58)	(2)
Net movement in funds		8	(21)	6	(7)	1,276
Reconciliation of funds						
Total funds brought forward	16	127	(286)	1,435	1,276	-
Total funds carried forward	16	135	(307)	1,441	1,269	1,276

All of the academy trust's activities derive from acquisitions and continuing operations during the above two financial periods.

BALANCE SHEET AS AT 31 AUGUST 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Tangible assets	13	<u>1,441</u>	<u>1,435</u>
		<u>1,441</u>	<u>1,435</u>
Current assets			
Debtors	14	53	143
Cash at bank and in hand		<u>473</u>	<u>107</u>
		<u>526</u>	<u>250</u>
Current liabilities			
Creditors: Amounts falling due within one year	15	<u>(332)</u>	<u>(123)</u>
Net current assets		<u>194</u>	<u>127</u>
Total assets less current liabilities		<u>1,635</u>	<u>1,562</u>
Net assets excluding pension liability		<u>1,635</u>	<u>1,562</u>
Defined benefit pension scheme liability	26	(366)	(286)
Total Net Assets		<u>1,269</u>	<u>1,276</u>
Funds of the Academy:			
Restricted funds			
- Fixed asset fund	16	1,441	1,435
- Restricted income fund	16	59	-
- Pension reserve	16	<u>(366)</u>	<u>(286)</u>
Total Restricted Funds		<u>1,134</u>	<u>1,149</u>
Unrestricted income fund	16	<u>135</u>	<u>127</u>
Total Funds		<u>135</u>	<u>127</u>
Total		<u>1,269</u>	<u>1,276</u>

The financial statements on pages 17 to 19 were approved by the trustees and authorised for issue on 15 December 2016 and signed on their behalf by:



Earl Laird
 Chair of Trustees

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £'000	2015 £'000
Cash flows from operating activities			
Net cash provided by operating activities	20	366	107
Cash flows from investing activities	21	-	-
Cash flows from financing activities	22	-	-
Change in cash and cash equivalents in the reporting period		<u>366</u>	<u>107</u>
Cash and cash equivalents at 1 September		107	-
Cash and cash equivalents at 31 August	23	<u>473</u>	<u>107</u>

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

1 Statement of Accounting Policies: Basis of preparation**First time adoption of FRS 102**

These financial statements are the first financial statements of Burton and South Derbyshire Education 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 Burton and South Derbyshire Education 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.

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 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, the receipt is probable and the amount 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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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 sheet in creditors; amounts falling due within one year in deferred income.

• 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 receipt is probable and it can be measured reliably.

• 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 the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016**• Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

• Transfers of leasehold property

Leasehold property transferred to the Academy from the local authority at little or no consideration will be revalued at fair value in accordance with FRS 102. This value will be recognised as incoming resources in the Statement of Financial Activities and will be included in the appropriate fixed assets category and depreciated over the life of the lease.

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. 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 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on leasehold land where the lease is more than 20 years. The principal annual rates used for other assets are:

Leasehold buildings	2%
Furniture and equipment	10% -15%
Computer equipment and software	33.33%

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.

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 multi 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 Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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 quadrennial valuations using a prospective unit credit 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 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 the 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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016**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 funders 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/donor and include grants from the Education Funding Agency/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.

Critical areas of judgement

The critical judgements that the Trustees have made in the process of applying the Academy Trust's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

In assessing whether there have been any indicators of impairment assets, the Trustees have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

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

2 GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the education trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016 (see note 16).

3 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 22.07.14 to 31.08.15 £'000
EFA CIF Grant	-	31	31	-
Donated fixed assets SCC	-	-	-	1,460
LGPS pension deficit SCC	-	-	-	(253)
Prior years surplus b/fwd SCC	-	-	-	291
	<u>-</u>	<u>31</u>	<u>31</u>	<u>1,498</u>

The income from donations and capital grants was £31,000 (2015 : £1,498,000) of which £Nil (2015 : £291,000) was unrestricted, £Nil (2015 : £253,000 deficit) restricted and £31,000 (2015 : £1,460,000) restricted fixed assets.

4 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds	Restricted Funds	Total 2016	Total 22.07.14 to 31.08.15
DfE/EFA grants				
General annual grant (GAG) (note 2)	-	952	952	859
Pupil premium grant	-	118	118	87
Conversion grant	-	-	-	145
Sports premium grant	-	9	9	4
	<u>-</u>	<u>1,079</u>	<u>1,079</u>	<u>1,095</u>
Other Government grants				
Pupil premium grant - SCC	-	2	2	-
Additional educational needs grant - SCC	-	21	21	-
	<u>-</u>	<u>23</u>	<u>23</u>	<u>-</u>
Other income from the academy trust's educational operations				
	-	-	-	-
	<u>-</u>	<u>1,102</u>	<u>1,102</u>	<u>1,095</u>

The income from the academy trusts's educational operations was restricted for both 2016 and 2015.

5 OTHER TRADING ACTIVITIES

Catering income	26	-	26	20
Misc income	9	-	9	-
	<u>35</u>	<u>-</u>	<u>35</u>	<u>20</u>

The income from the academy trusts's other trading activities was unrestricted for both 2016 and 2015.

6 INVESTMENT INCOME

Bank interest received	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The income from the academy trusts's investment income was unrestricted for both 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

7 EXPENDITURE

	Non Pay Expenditure			Total 22.07.14 to 31.08.15
	Staff Costs	Premises	Other Costs	
	£'000	£'000	£'000	£'000
Expenditure on raising funds	-	-	27	27
Academy's educational operations				
Direct costs	494	-	78	572
Allocated support costs	269	80	169	518
	<u>763</u>	<u>80</u>	<u>247</u>	<u>1,090</u>
	<u>763</u>	<u>80</u>	<u>274</u>	<u>1,117</u>

The expenditure was £1,117,000 (2015 : £1,337,000) of which £27,000 (2015 : £20,000) was unrestricted, £1,065,000 (2015 : £1,292,000) restricted and £25,000 (2015 : £25,000) restricted fixed assets.

Net income/(expenditure) for the year includes:	£'000	£'000
Operating lease rentals	7	-
Depreciation	25	25
Fees payable to auditor for:		
Audit	3	3
Other services	<u>2</u>	<u>2</u>

8 CHARITABLE ACTIVITIES

	Total 22.07.14 to 31.08.15
	£'000
Direct costs - educational operations	572
Support costs - educational operations	518
	<u>1,090</u>

Analysis of Support Costs

Support staff costs	269	106
Depreciation	25	25
Technology costs	24	35
Premises costs (balance of premises)	55	95
Other support costs	116	220
Governance	<u>29</u>	<u>20</u>
	<u>518</u>	<u>501</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

9 STAFF**a Staff costs**

	Total 2016 £'000	Total to 31.08.15 £'000
Staff costs during the period were:		
Wages and salaries	542	421
Social security costs	39	27
Operating costs of defined benefit pension schemes	115	95
	<u>696</u>	<u>543</u>
Supply staff costs	67	214
Staff restructuring costs	-	108
	<u>763</u>	<u>865</u>
Staff restructuring costs comprise:		
Redundancy payments	-	34
Severance payments	-	48
Other restructuring costs	-	26
	<u>-</u>	<u>108</u>

b Staff severance payments

Included in staff restructuring costs are no (2015: 7) non-statutory/non contractual severance payments totalling £Nil (2015: £47,787).

c Staff numbers

The average number of persons (including senior management team) employed by the Academy during the period ended 31 August 2016 expressed as full time equivalents was as follows:

Charitable Activities	No	No
Teachers	10	5
Administration and support	24	11
Management	1	2
	<u>35</u>	<u>18</u>

d Higher paid staff

There are no employees whose employee benefits (excluding employer pension costs) exceeded £60,000.

e Key management personnel

The key management of the academy trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £79,725 (2015 : £24,583).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

10 CENTRAL SERVICES

The education trust has provided the following central services to Kingfisher Academy during the period:

- human resources;
- financial services;
- legal services;
- educational support services;
- accounting services.

The education trust charges for these services the actual costs incurred based on the proportion of general annual grant income received by the school.

The actual amounts charged during the year were as follows:

	Total
	22.07.14
	to
	31.08.15
	2016
	£'000
Kingfisher Academy	75
	113
	75
	113

11 RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Accounting Officer and other trustees do not receive remuneration in respect of their services as trustees. The Chief Operating Officers, M Church and B O'Brien, however invoice the trust for work performed in providing project management services. Details of these services are disclosed in note 27 on Related Party Transactions. The trustees did not receive any other payments, other than expenses, from the Academy Trust in respect of their role as trustees.

During the year ended 31 August 2016; project management services totalling £49,795 (2015 : £112,528) and travel and subsistence expenses totalling £Nil (2015: £Nil) were reimbursed to trustees.

12 TRUSTEES' AND OFFICERS' INSURANCE

The academy has purchased insurance to protect trustees' and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business during the year through the EFA Risk Protection Arrangement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

13 TANGIBLE FIXED ASSETS

	Leasehold Land & Buildings £'000	Assets under construction £'000	Total £'000
Cost			
At 1 September 2015	1,460	-	1,460
Additions	-	31	31
Disposals	-	-	-
At 31 August 2016	<u>1,460</u>	<u>31</u>	<u>1,491</u>
Depreciation			
At 1 September 2015	25	-	25
Charged in year	25	-	25
Disposals	-	-	-
At 31 August 2016	<u>50</u>	<u>-</u>	<u>50</u>
Net book value			
At 31 August 2016	<u>1,410</u>	<u>31</u>	<u>1,441</u>
At 31 August 2015	<u>1,435</u>	<u>-</u>	<u>1,435</u>

On 1 October 2014 the Academy's leasehold land and buildings were donated to the Education Trust by Staffordshire County Council on a 125 year lease at a pepper corn rent. On 31 March 2015 an existing use valuation and useful asset life assessment was prepared for the Education Funding Agency by a firm of Chartered Surveyors, Mouchel that the leasehold land and buildings gifted had a depreciated replacement cost value of £1,460,000.

	2016 £'000	Total 22.07.14 to 31.08.15 £'000
14 DEBTORS		
VAT recoverable	29	122
Prepayments and accrued income	<u>24</u>	<u>21</u>
	<u>53</u>	<u>143</u>
15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade creditors	67	-
Taxation and Social Security	21	18
Other creditors	-	28
Accruals	39	71
Deferred income	<u>205</u>	<u>6</u>
	<u>332</u>	<u>123</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (cont'd)

		Total 22.07.14 to 31.08.15
	2016 £'000	£'000
Deferred Income		
Deferred income at 1 September	6	-
Resources deferred in the year	205	6
years	(6)	-
Deferred income at 31 August	<u>205</u>	<u>6</u>

At the balance sheet date the education trust was holding funds received in advance for 2016/17 for devolved formula capital of £12,635 (2015: £6,329) and EFA CIF grants of £192,522 (2015: £nil).

16 FUNDS

The income funds of the academy comprise the following balances of grants to be applied for specific purposes:

	Balance at 1 September 2015 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2016 £'000
Restricted general funds					
General annual grant (GAG) (note i)	-	952	(893)	-	59
Pupil premium grant (note ii)	-	120	(120)	-	-
Additional education needs (note iii)	-	21	(21)	-	-
Sports premium grant (note iv)	-	9	(9)	-	-
	<u>-</u>	<u>1,102</u>	<u>(1,043)</u>	<u>-</u>	<u>59</u>
Restricted fixed asset funds					
Fixed assets donation (note v)	1,435	-	(25)	-	1,410
CIF Grant (note vi)	-	31	-	-	31
Total restricted funds	<u>1,435</u>	<u>31</u>	<u>(25)</u>	<u>-</u>	<u>1,441</u>
Restricted pension scheme liability					
Pension reserve (note vii)	(286)	-	(22)	(58)	(366)
	<u>(286)</u>	<u>-</u>	<u>(22)</u>	<u>(58)</u>	<u>(366)</u>
Total restricted funds	<u>1,149</u>	<u>1,133</u>	<u>(1,090)</u>	<u>(58)</u>	<u>1,134</u>
Unrestricted funds					
Unrestricted funds	-	35	(27)	-	8
SCC prior years surplus b/fwd	127	-	-	-	127
Total unrestricted funds	<u>127</u>	<u>35</u>	<u>(27)</u>	<u>-</u>	<u>135</u>
Total Funds	<u>1,276</u>	<u>1,168</u>	<u>(1,117)</u>	<u>(58)</u>	<u>1,269</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

16 FUNDS (Cont'd)

Notes

- i) General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the multi academy trust was not subject to a limit on the amount of GAG that it would carry forward at 31 August 2016 (see note 2).
- ii) Pupil premium grant has been used to support children from low income families placed at the MAT.
- iii) Additional educational needs grants has been received from Staffordshire CC to help and assist children that require additional 1 to 1 educational assistance.
- iv) Sports premium grant has been received to enhance the educational teaching and equipment of Physical Education.
- v) Fixed asset donation is the value of the school that was transferred to the Academy Trust upon conversion from the Local Authority.
- vi) EFA CIF grant has been received to repair and upgrade the roofing and fencing of the school.
- vii) The pension reserve represents the deficit on the Local Government Pension Scheme (note 26).

TOTAL FUNDS ANALYSIS BY ACADEMY

Fund balances at 31 August 2016 were allocated as follows:

	2016	2015
	Total	Total
	£'000	£'000
Kingfisher Academy	194	127
Central services	-	-
Total before fixed assets and pension reserve	<u>194</u>	<u>127</u>
Restricted fixed assets fund	1,441	1,435
Pension reserve	<u>(366)</u>	<u>(286)</u>
	<u>1,075</u>	<u>1,149</u>
Total	<u><u>1,269</u></u>	<u><u>1,276</u></u>

	Teaching and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding Depreciation)	Total
	£'000	£'000	£'000	£'000	£'000
Kingfisher Academy	494	269	78	176	1,017
Central services	-	-	-	75	75
Academy Trust	<u><u>494</u></u>	<u><u>269</u></u>	<u><u>78</u></u>	<u><u>251</u></u>	<u><u>1,092</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £'000	Pension Restricted Funds £'000	General Restricted Funds £'000	Fixed Assets Restricted Funds £'000	Total £'000
Tangible fixed assets	-	-	-	1,441	1,441
Current assets	135	-	391	-	526
Current liabilities	-	-	(332)	-	(332)
Pension scheme liability	-	(366)	-	-	(366)
	135	(366)	59	1,441	1,269

18 CAPITAL COMMITMENTS

	2016 £'000	2015 £'000
Contracted for, but not provided	193	Nil
Authorised by trustees, but not yet contracted	Nil	Nil

19 FINANCIAL COMMITMENTS

Operating leases

At 31 August 2016 the multi academy trust had annual commitments under non-cancellable operating leases as follows:

	2016 Other £'000	2015 Other £'000
Operating leases which expire:		
. Within one year	7	-
. Within two to five years	7	-
	14	-

20 RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Total 22.07.14 to 2016 £'000	31.08.15 £'000
Net income for the reporting period (as per the statement of financial activities)	51	1,276
Adjusted for:		
Depreciation (note 13)	25	25
Fixed assets donation	-	(1,460)
Capital grants from DfE and other capital income	(31)	-
LGPS pension deficit transfer	-	253
Defined benefit pension scheme cost less contributions payable (note 26)	11	24
Defined benefit pension scheme finance cost (note 26)	11	9
Decrease/(increase) in debtors	90	(143)
Increase/(decrease) in creditors	209	123
Net cash provided by operating activities	366	107

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

21 CASH FLOWS FROM INVESTING ACTIVITIES

	2016	Total
	£'000	22.07.14 to 31.08.15 £'000
Interest received	-	-
Purchase of tangible fixed assets	(31)	-
Capital grants from DfE/EFA	31	-
Capital funding received from sponsors and others	-	-
Receipts from sale of tangible fixed assets	-	-
Net cash used in investing activities	-	-
22 CASH FLOWS FROM FINANCING		
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash (used in)/provided by financing activities	-	-
23 ANALYSIS OF CASH AND CASH EQUIVALENTS	At 31 Aug 2016	At 31 Aug 2015
	£'000	£'000
Cash in hand and at bank	473	107
Total cash and cash equivalents	473	107
24 CONTINGENT LIABILITIES		

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to :

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**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 PENSION AND SIMILAR OBLIGATIONS

The Academy'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 Staffordshire County Council Pension Fund. Both are defined benefit schemes.

As described in note 27 the LGPS obligation relates to the employees of the multi academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the multi academy trust at the balance sheet date.

The total pension cost to the Academy during the period ended 31 August 2016 was £115,302 (2015 : £94,964) of which £52,922 (2015: £33,631) relates to the TPS and £62,380 (2015:£61,333) relates to LGPS.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 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 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%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (cont'd)

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined as 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 costs paid to TPS in the period amounted to £52,922 (2015 : £33,631).

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 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 the assets held in a separate trustee administered funds. The total contributions made for the year ended 31 August 2016 was £72,380 (2015 : £69,333) of which employers contributions totalled £62,380 (2015: £61,333) and employees contributions totalled £10,000 (2015: £8,000). The agreed employers contributions for future years are 18.5% and agreed employees contributions of 6.5% for Kingfisher Academy.

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 liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions

The major assumptions used by the actuary were:

	At 31 August 2016 % per annum	At 31 August 2015 % per annum
Discount rate	2.0%	3.7%
Salary increases	2.5%	4.5%
Pension increase	2.1%	2.6%

Sensitivity analysis for the principal assumptions used to measure the scheme liabilities were as follows:

	At 31 August 2016 Approx Change to Employers Liability £'000	At 31 August 2015 Approx Change to Employers Liability £'000
Discount rate decreased by 0.5% per annum	68	49
Assumed pension increased by 0.5% per annum	49	30
Salary growth increased by 0.5% per annum	18	18
Life expectancy at retirement increased by 1 year	19	14
The mortality assumptions used were as follows:	At 31 August 2016 years	At 31 August 2015 years
Longevity at age 65 retiring today		
- Men	22.1	22.1
- Women	24.3	24.3
Longevity at age 65 retiring in 20 years		
- Men	24.3	24.3
- Women	26.6	26.6

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (Cont'd)

The Academy'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	212	141
Debt instruments	31	21
Property	23	17
Cash	17	11
Total market value of assets	283	190
Present value of scheme liabilities		
- Funded	(283)	(190)
- Unfunded	(366)	(286)
Total liabilities	(649)	(476)
Deficit in the scheme	(366)	(286)

The actual return on the scheme assets in the year was £43,000 (2015: £8,000).

Amounts recognised in the Statement of Financial Activities

	2016 £'000	2015 £'000
Current service cost	51	44
Interest cost	11	9
Past service cost	-	8
Total operating charge	62	61

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (Cont'd)

Total
22.07.14
to

31.08.15
£'000

Changes in deficit during the period

Balance at 1 September 2015

2016
£'000
286

286

Movement in year:

- Admission date 1 October 2014

-

253

- Employer service cost (net of employee contributions)

51

44

- Employer contributions

(40)

(28)

- Expected return on scheme assets

(8)

(6)

- Interest cost

19

15

- Actuarial losses

58

-

- Curtailments

-

8

Deficit in the scheme at 31 August 2016**366****286****Changes in the present value of defined benefit obligations were as follows:**

Scheme liabilities at 1 September 2015

476

-

- Admission date 1 October 2014

-

399

Current service cost

51

44

Interest cost

19

15

Contributions by scheme participants

10

8

Benefits paid

-

-

Actuarial losses

93

2

Curtailments

-

8

Scheme liabilities at 31 August 2016**649****476****Changes in the fair value of Academy's share of scheme assets:**

Fair value of scheme assets at 1 September 2015

190

-

- Admission date 1 October 2014

-

146

Expected return on scheme assets

8

6

Actuarial gains

35

2

Contributions by employer

40

28

Benefits paid

-

-

Contributions by scheme participants

10

8

Fair value of scheme assets at 31 August 2016**283****190**

The estimated value of employer contributions for the year ended 31 August 2017 is £36,000 (2016: £35,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**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, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have 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. Burton and South Derbyshire College have paid suppliers on the Education Trust's behalf and these amounts have been reimbursed by the Education Trust to Burton and South Derbyshire College. This was purely a payment mechanism, as the Education Trust bank account did not allow for payments by BACS. The following related party transactions took place in the period of account:

Fimal Limited - a company in which Mr M Church (Chief Operating Officer) has a majority interest:

- Fimal Limited provided consultancy services to the trust totalling £39,270 during the period. £nil was outstanding at 31 August 2016.
- The trust made the purchase at arms' length in accordance with its financial regulations, which Mr Church neither participated in, nor influenced.
- In entering into the transaction the trust has complied with the requirements of EFA's Academies Financial Handbook.

Mrs B O'Brien -

- Mrs B O'Brien provided consultancy services to the trust totalling £10,525 during the period. £nil was outstanding at 31 August 2016.
- The trust made the purchase at arms' length in accordance with its financial regulations, which Mrs O'Brien neither participated in, nor influenced.
- In entering into the transaction the trust has complied with the requirements of EFA's Academies Financial Handbook.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

28 CONVERSION TO AN ACADEMY TRUST

On 1 October 2014 Kingfisher Academy converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Burton and South Derbyshire Education Trust from Staffordshire County Council for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding not amount recognised as net income/resources expended in the Statement of Financial Activities as voluntary income/other resources expended.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Leasehold land and buildings	-	-	1,460	1,460
Budget surplus on LA funds	291	-	-	291
LGPS pension deficit	-	(253)	-	(253)
Net assets/(liabilities)	291	(253)	1,460	1,498

The above net assets/liabilities include £291,000 that were transferred as cash.

On 1 October 2014 the leasehold land and buildings were transferred on a 125 year lease at a pepper corn rent from Staffordshire County Council to the education trust.

29 EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no material adjusting or non adjusting events arising after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

30 EXPLANATION OF TRANSITION TO 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.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliation of total funds	1 September	31 August
	2014	2015
	£'000	£'000
Total funds under previous UK GAAP	-	1,276
Total funds reported under FRS 102	-	1,276
Reconciliation of net income/(expenditure)		31 August
		2016
		£'000
Net income/(expenditure) previously reported under UK GAAP		1,278
Change in recognition of LGPS interest cost		(2)
Net movement in funds reported under FRS 102		1,276

Explanation of the transitional adjustments

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2015 or 31 August 2016. The effect of the change has been to increase the debit to expense by £2,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.