

**Redborne Upper School
and Community
College**

**Annual Report and Financial
Statements**

31 August 2016

Company Limited by Guarantee
Registration Number
07566436 (England and Wales)

Contents

Reports

Reference and administrative information	1
Governors' report	3
Governance statement	16
Statement on Regularity, propriety and compliance	21
Statement of governors' responsibilities	22
Independent auditor's report on financial statements	23
Independent reporting accountant's report on regularity	25

Financial statements

Statement of financial activities incorporating income & expenditure account	27
Balance sheet	28
Statement of cash flows	29
Principal accounting policies	30
Notes to the financial statements	36

Reference and administrative information

Members and Governors

R A'Court (Chairman)*
C Birtwisle
A Brown (Vice Chairman)
T Corkett
N Croft (Principal and Accounting Officer)*
A Day (Staff Governor)
B Farbon*
D Farbon*
Prof J Harris*
J Galvin
C Flynn (Staff Governor)
R Last
R Minter
Prof J Morris*
D Nunn (Staff Governor)
G Pereira (Responsible Officer) *
PA Rumble
CP Templeman
E Tebbutt
J Tucker
E Woodward

* members of the Finance Committee

Company Secretary

S Anson

Senior Leadership Team

Principal	N Croft
Head of School	S Gray
Deputy Head	D Buthee
Assistant Headteacher	A Day
Assistant Headteacher	A French
Assistant Headteacher	N Brennan
Assistant Headteacher	M Cook
Assistant Headteacher	J Williets

Registered address

Flitwick Road
Amphill
Bedfordshire
MK45 2NU

Company registration number

07566436 (England and Wales)

Reference and administrative information

Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	NatWest Bank 152 Silbury Boulevard Central Milton Keynes MK9 1LT
Solicitors	Stone King LLP Boundary House Charterhouse Street London EC1M 6HR

Governors' report Year ended 31 August 2016

The governors of Redborne Upper School and Community College ('the School') present their statutory report together with the financial statements of the School for the year ended 31 August 2016. The annual report serves the purposes of both a governors' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 30 to 35 of the attached financial statements and comply with the School's memorandum and articles of association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

The governors act as the trustees for the charitable activities of Redborne Upper School and Community College and are also the directors of the School for the purpose of company law. The School is known as Redborne Upper School and Community College. Details of the governors who served throughout the period are detailed on page 5. The School was incorporated on 16 March 2011 and the School converted to an Academy Trust on 1 April 2011.

Members' liability

Each member of the School undertakes to contribute to the assets of the School 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 as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

In accordance with normal practice the School has purchased insurance to protect the governors and officers from claims arising from negligent acts, errors or omissions whilst on School business. The cover under the policy is £2 million and in the period under review the sum of £1,038 was paid.

Governors' duties and responsibilities

1. The conduct of the School (i.e. ethos, appearance, attitudes, level of parental support, etc) is under the direction of the governors. The Principal is responsible for the internal organisation and management of the School.
2. The governors can modify the curriculum policy to match their aims for the School. The determination and organisation of the secular curriculum is the responsibility of the Head.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governors' duties and responsibilities (continued)

3. The governors share responsibility with DfE and the Principal for ensuring that:
 - ◆ the National Curriculum is followed;
 - ◆ only approved external qualifications and syllabuses are offered to students;
 - ◆ religious education is provided for all in accordance with the agreed syllabus.
4. The governors must try to ensure that the right provision is made for students with special educational needs.
5. The governors must have a policy on whether and how sex education should be provided at the School.
6. The governors must decide how the School's delegated budget is spent, and ensure that accurate accounts are kept.
7. The governors must implement a Charging Policy in line with Government legislation.
8. The governors must decide how many staff should work at the School and who should be appointed. They can recommend dismissal of staff and should set out disciplinary rules and procedures. They can use their discretion over the award of incentive allowances.
9. Discipline: The governors may draw up a written statement of general principles to the Principal and must hear any appeals by parents against exclusion.
10. The governors control the use of premises outside school time and should periodically inspect the premises and keep the LEA informed as to the condition and state of repair under the terms of a 125 year lease.
11. The governors must ensure that attendance registers are kept properly.

Principal activities

The School's principal activity is to establish and maintain a school which provides education to pupils of different abilities who are mainly drawn from the area in which the School is situated.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governors

The governors are directors of the School for the purposes of the Companies Act 2006. The following governors were in office at 31 August 2016 and served throughout the year except where shown.

Governor	Appointed/Resigned	Appointing body
Mr C Birtwisle		Members of the Academy Trust
Mrs A Brown (Vice Chairman)		Members of the Academy Trust
Mr T Corkett		Parent body
Dr R A'Court (Chairman)		Parent body
Mr N Croft (Principal)		Ex officio
Mrs D Nunn	Appointed 30 June 2016	The School's staff
Mr A Day		The School's staff
Mr B Farbon		Members of the Academy Trust
Mr D Farbon		Members of the Academy Trust
Mr C Flynn	Appointed 30 November 2015	The School's staff
Professor J Harris		Members of the Academy Trust
Mrs L Harrison	Resigned 16 March 2016	The School's staff
Mrs J Galvin	Appointed 10 March 2016	Parent body
Mr R Last		Members of the Academy Trust
Mr R Mintern		Parent body
Professor J Morris		Members of the Academy Trust
Mr G Pereira		Members of the Academy Trust
Mrs P Rumble		Members of the Academy Trust
Mrs E Tebbutt	Appointed 10 March 2016	Parent body
Mr C Templeman		Parent body
Mrs J Tucker		Members of the Academy Trust
Mrs E Woodward	Appointed 10 March 2016	Parent body

Method of recruitment and appointment or election of governors

The Governing Body comprises 7 parent governors, 10 community governors, 3 staff governors and the Principal. The parent governors are elected by the parent body of the School. The staff governors are elected by the School's staff. The 10 community governors are appointed by the members of the Academy Trust. Community governors may be re-appointed after the end of their term of office. Individuals may request to join the Governing Body and the members of the Academy Trust may decide to invite one of these individuals to join should a vacancy arise.

Policies and procedures adopted for the induction and training of governors

All governors undertake training as appropriate to their work at the School. New governors will be provided with an induction programme delivered in-house. A log is kept of all governor training and reviewed on a regular basis at the full Governing Body meetings.

Organisational structure

The governors, who are also the charity trustees, are responsible for the overall management and control of the School and meet at least three times a year.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

The work of reviewing and monitoring most policies is delegated to the members of the Committees as outlined below. They all work under the chairmanship of a governor appointed at the first committee meeting in each academic year. Terms of reference of these committees are agreed annually at these meetings. The Clerk to the governors co-ordinates the work of the governors and their Committees, prepares agendas and papers and reviews matters arising. The Business Manager prepares the financial statements on behalf of the governors.

All governors give their time to the role freely, no remuneration and no expenses were paid in the period.

Each of the six sub-committees, which are detailed below with their responsibilities, can make recommendations that must be endorsed by the Full Governing Body. The Committees and the Governing Body meet three times per year.

Premises and Community Sub-Committee

- ◆ Encourage links between the School and local business, arts, sports organisation, etc.
- ◆ Promote the School in the community use of premises. Condition of the buildings, maintenance, improvement or extension, reviewing quotations from contractors. Monitoring School grounds and cleaning arrangements. Usage, efficiency and potential development of the School premises.

Curriculum and Student Welfare Sub-Committee

- ◆ Oversee the School's curriculum and monitor standards.
- ◆ National Curriculum.
- ◆ Curricular policies, Curriculum Development Plan.
- ◆ Inspectors' reports, examination results, Learning Support.
- ◆ Reporting to parents.
- ◆ Discipline, admissions, times of school day.
- ◆ General welfare of students.

Finance Sub-Committee

- ◆ Draw up the annual revenue budget. Confirm purchases over £25,000.
- ◆ Monitor income and expenditure, consider auditor's reports.
- ◆ Authorise virement. Oversee capital expenditure.
- ◆ Lettings policies, charges to students.
- ◆ Receive audited financial statements.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

Personnel Sub-Committee

- ◆ Staff conditions of service.
- ◆ Staff and governor training.
- ◆ Staff discipline.
- ◆ Staff appraisal.
- ◆ Staff recruitment.
- ◆ Health and Safety at Work.

Disciplinary/Exclusions Sub-Committee

- ◆ Appeals from parents against exclusion of pupils.
- ◆ Appeals from parents regarding admissions.
- ◆ Appeals from staff regarding pay or discipline.
- ◆ Appeals from parents regarding the curriculum.

Salaries Sub-Committee

- ◆ Staff pay policy.
- ◆ Staff salaries.

The governors determine the general policies of the School. The day to day running of the School is delegated to the Principal, supported by the Senior Leadership Team. The Principal undertakes the key leadership role overseeing educational, pastoral and administrative functions in consultation with the Senior Leadership Team. The day to day administration is undertaken within the policies and procedures approved by the governors. Only significant expenditure decisions and major capital projects should be referred to the governors for prior approval.

The Principal is an ex-officio governor, Principal Accounting Officer and attends all Governing Body meetings. Head of School, the Assistant Headteachers and the Business Manager are invited to attend governors' meetings as appropriate.

Arrangements for setting pay and remuneration of key management personnel

A special sub committee of the Board of Governors meets in the first term of the school year to review the performance of senior staff against previously agreed targets. This committee makes recommendation about the level of remuneration for the year.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management

The governors conduct an annual review of the major risks to which the School is exposed.

The governors are responsible for the overseeing of the risks faced by the School. Detailed considerations of risk are delegated to the Senior Leadership Team of the School. Risks are identified, assessed and controls established throughout the period. A risk review has been undertaken and an analysis prepared. Risk is managed under the headings of strategic and reputational risks, operational risks, compliance risks and financial risks as recommended by the EFA's Academy Financial Handbook.

Through the risk management processes in place at the School, the governors are satisfied that the major risks identified will be adequately mitigated where necessary. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks will be adequately managed.

Connected organisations, including related party relationships

The Principal is a member of a number of professional organisations which enable him to keep abreast of current educational matters and network with other outstanding schools to share expertise, knowledge and experience.

As part of its work, the School has a formal partnership with Bedford University, Central Bedfordshire Council and School Direct to provide Graduate Teacher Training and teacher training in the area. The school is host to the Redborne School Sports Partnership that is funded by grant income and subscriptions from partner schools.

The governors annually review these partnerships with these partner institutions.

OBJECTIVES AND ACTIVITIES

Objects and aims

The School's object is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Objectives, strategies and activities

This statement of objectives provides a framework for all that we are striving to achieve at Redborne Upper School and Community College. It is intended to give guidelines to governors, staff, students, parents and carers to ensure a common sense of purpose. The two basic objectives are as follows:

- ◆ To foster the spiritual, emotional, moral, social, cultural, mental and physical development of all students, both as individuals and as members of society, and thus seek to realise each student's full potential in all areas of school life.

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities (continued)

- ◆ To prepare all students to approach positively and confidently the opportunities, responsibilities and experiences of adult life.

In particular we aim at Redborne Upper School and Community College:

- ◆ To provide an environment, which is friendly, stimulating, disciplined, supportive and positive, and which promotes an attitude of co-operation and self-discipline.
- ◆ To provide equality of opportunity for all to enjoy learning, experience success, receive recognition and thus achieve respect, dignity and self-confidence.
- ◆ To provide a broad balanced coherent and appropriate educational experience for each individual.
- ◆ To develop both individual and group skills, powers of clear, creative, critical and reflective thinking, and the capacity to make informed and responsible decisions.
- ◆ To develop a reasoned set of attitudes, values and beliefs, combined with an open-minded and sensitive attitude towards the ideas and view of others.
- ◆ To encourage an awareness and understanding of the variety of the world's beliefs and cultures and of the interdependence of people.
- ◆ To develop an understanding of the physical world and the necessity to live harmoniously with the natural environment.
- ◆ To promote a sense of responsibility towards others and a wish to contribute positively and actively to the local community and the wider society.
- ◆ To develop an appreciation of the value of education as a lifelong process, and the motivation and skills for further learning.
- ◆ To foster adaptability which can help individuals cope with changes in the future pattern of life and work.

Public Benefit

In setting the School's objectives and planning its activities, the Governing Body have given careful consideration to the Charity Commission's general guidance on public benefit. The Governing Body consider that all activities undertaken fall within the guidance.

ACHIEVEMENT AND PROGRESS 2015 - 2016

This has been another record-breaking year. The inspection in 2008 when Redborne was first judged to be an outstanding school is now a distant memory. In the intervening years the relentless focus on continuing to drive improvements at both GCSE and A level has brought year after year of record results. The section 8 of an Ofsted report in 2015 confirmed that our results were consistent with that outstanding rating

We remain a community that works so well together to support each other in promoting

Academic excellence. Shared values. Outstanding education.

These remain turbulent times. The debate about selective education has been re-awakened and we have our first year of progress 8 and attainment 8 which are the new specification for grading performance. The Governing Body is very pleased to state that, with the support of staff, governors and parents, Redborne has managed to stay true to our core beliefs about what makes a successful comprehensive education. It remains to be seen whether the coming years will be dominated by the selection debate, but we will carry on doing what we believe to be in the best interests of students.

This statement has a wide circulation and is used in a variety of ways

- ◆ an annual summary report for governors, improvement partners and inspectors;
- ◆ a reference document for curriculum leaders within the school;
- ◆ an evidence base showing the rigour, reflective and evaluative nature of our self-review;
- ◆ a summary of action planning for future improvements that feeds into the SDP;
- ◆ a tool has been used as an exemplar of good practice that feeds into our work as a National Support School.

We have confirmed our position as national leaders in data management and we remain convinced that the power of that data for both monitoring and effective action planning cannot be overstated.

Examination analysis 2016

Students' achievement and progress at Redborne continue to be excellent.

- ◆ The last full OfSTED inspection in 2008 reported that Redborne met the criteria for 'outstanding' achievement and standards. The section 8 inspection in May 2015 suggested that there were no causes for concern that would justify changing that rating.
- ◆ Results in 2016 at both KS4 and A level remain excellent – the best ever on many measures.
- ◆ 83% of students achieved A*-C grades in English and Maths – a new record and 6% up on the previous highest score for last year.

ACHIEVEMENT AND PROGRESS 2015 – 2016 (continued)

Examination analysis 2016 (continued)

- ◆ Value added figures, both for the whole school and for sub groups, are consistently very strong, with almost all figures being above the overall national average
- ◆ Gifted and talented students are well catered for - 50 students at GCSE achieved 8 or more A and A* grades, with 27 getting 10 A/A*.
- ◆ Sixth form achievement remains very high
- ◆ 59% of entries at A level were graded at A*-B, our highest ever, and a figure that compares favourably with many private and selective schools. The percentage of entries at A* was also a new record in 2016.
- ◆ The overwhelming majority of students achieve progress above the national expectation line, many by a considerable margin.
- ◆ In the last three years, 15 students successfully obtained Oxbridge places. In addition, six further students obtained places on medical and veterinary courses
- ◆ Results this year were once again very positive in both Maths and English, and there was a reduction in the number of students this year who achieved either Maths or English GCSE but not both. 93% of our students achieved either Maths or English at grade C or above, which is a remarkable achievement:
 - ◇ 83% achieved both Maths and English;
 - ◇ 6% achieved English but not Maths;
 - ◇ 4% achieved Maths but not English.
- ◆ 96% of students passed three A levels.
- ◆ Provision and results for our most able students continues to be excellent – two students in year 11 scored 10A* grades plus one grade A.
- ◆ The calibre of results is such that 27 students achieved 10 A/A* grades and 50 students scored 8 or more A/A* grades. One student in year 9 achieved an A* grade in further maths at GCSE.
- ◆ At A level, four students achieved at least three A* grades, with the highest-performing student achieving A* in five subjects at A level Thirty students achieved at least three A grades. Four students this year have gone on to Oxbridge or medical courses.
- ◆ In both English and maths, the percentage of students making expected progress and exceeding expected progress has been consistently above national averages and were at their best ever level in 2016.
- ◆ Where over 60% of students achieved a grade C compared with less than a third nationally.

ACHIEVEMENT AND PROGRESS 2015 – 2016 (continued)

Examination analysis 2016 (continued)

- ◆ Progress 8 figures for English (+0.22) and maths (+0.23) are both very strong, and would comfortably have exceeded the 'sig +' criteria when compared with 2015 benchmarks. Given that performance here is likely to be more stable than in some of the other 'slots' it is highly likely that these figures will again be 'sig +'.
- ◆ We continue to believe that vocational qualifications are in the interests of an important minority of our students, offering a pathway to greater motivation and improved engagement at KS4. The list of "high quality" qualifications does not include some of the many beneficial opportunities that the school offers (for example in agriculture).
- ◆ Students at Redborne are encouraged to take a curriculum mix of qualifications that best suits them and typically students with lower prior attainment benefit the most from these vocational qualifications. Evidence from progression and destination statistics suggests that these courses provide excellent progression opportunities for student's post-16 at local colleges or through apprenticeships or vocational training.

Whole school summary data 2010-2016

GCSE	2011	2012	2013	2014	2015	2016
Number of students in KS4	334	341	345	332	352	362
Students achieving level 2 threshold including En and Ma (1)	71%	74%	65%	63%	72%	76%
Students achieving En and Ma at level 2	72%	74%	65%	67%	77%	83%
Post-16						
Number of students at the end of advanced study	184	177	197	211	193	190
Average points score per student at the end of advanced study	856.3	911.8	921.3	914.8	884.6	876.7
Average points score per entry	225.8	225.9	229.2	226.9	229.8	228.9

* New rules applied since 2014 so year on year comparisons do not apply between pre-and post-2014 data.

FINANCIAL REVIEW

Financial report for the year

The net movement on funds for the year amounted to a decrease of £1,536,405.

The majority of the School's funding was provided by the Educational Funding Agency (EFA). The Academy's total incoming resources for the year ended 31 August 2016 amounted to £9,047,182 (2015 - £9,559,281). Funds received in the current year included £7,628,050 (2015 - £7,720,385) related to EFA revenue grants and £31,737 (2015 - £704,140) of capital grants. Resources expended for the period totalled £9,580,587 (2015 - £9,415,031). In addition there was an actuarial loss on the defined benefit pension scheme of £1,003,000 (2015 - £51,000).

The School held fund balances of £12,863,039 (2015 - £14,399,444) at 31 August 2016 which includes unrestricted funds of £854,120 (2015 - £804,581), whilst the remainder of the funds are restricted.

The results for the year are shown on page 27.

Financial and risk management objectives and policies

The governors have created a risk register that is reviewed annually which covers the following:

- ◆ the type of risks the School faces and the risks regarded as tolerable;
- ◆ the type of risks the School faces and the risks regarded as tolerable;
- ◆ the likelihood of the risks materialising and the School's ability to reduce their incidence and impact on the School's operations; and
- ◆ control procedures which can respond quickly to evolving risks arising from factors within the School and to changes in the external environment.

The principal risks and uncertainties facing the School include:

- ◆ Natural risk – uncontrollable event e.g. fire. The School has annual inspection of fire alarms, emergency lighting and extinguishers. We undertake weekly testing of emergency lighting and alarms.
- ◆ Failure to comply with Health and Safety legislation resulting in an employee/student or visitor being injured or killed. The School has contracts with Bedford Borough Council for advice on health and safety and individuals are supported by access to Human Resource Management and Occupational Health.
- ◆ Financial control risk resulting in serious budget deficit. The School Business manager provides regular updates of the financial outlook and the Responsible Officer conducts a termly inspection of the financial systems.
- ◆ A reduction in the real terms value of national funding for secondary education. Sound financial planning helps to mitigate the impact of this decrease in funding.

FINANCIAL REVIEW (continued)

Financial and risk management objectives and policies (continued)

- ◆ Failure to comply with Employment law resulting in litigation or tribunals. The School has a contract with Bedford Borough Council for advice on Human Resource Management.
- ◆ Competition for funding/reputation/stakeholder risk – achievement standards falling or poor marketing, falling rolls. The School has a strong reputation and regularly promotes itself both internally and externally. Events such as the annual Open Evening and the Opportunities in Sixth Form are well advertised and well attended.
- ◆ Technology risk – information security risk, virus risk/corruption of data risk. The School subscribes to the Bedford Borough Broadband service that has extensive filters and virus protection. A back up of the school computer server is made each day and is stored off site.
- ◆ Quality risk of suppliers e.g. capital project providers. Contracts above £25,000 are subject to tender and approval by governors on the basis of value for money and quality of reference of suppliers.

Reserves policy

The governors have concluded that the minimum level of free reserves (total funds less the amount held in tangible fixed assets, restricted funds and designated funds) that the School should hold is £200,000. In exceptional circumstances the governors may suspend this policy for a fixed period of time. The reason for this is to provide sufficient working capital to provide resources to deal with unexpected emergencies, such as urgent maintenance, and to cover delays between spending and receipt of grants. The School's current level of free reserves is £854,120 (2015 - £804,581) which is in line with this policy in view of the ongoing capital projects.

At 31 August 2016 the restricted EFA fund was a deficit of £2,626,000 (2015 – deficit of £1,474,667). This balance relates entirely to the School's share of the Local Government Pension Scheme (LGPS). Any cash outflows as a result of this deficit will occur over a long time period. The position is supported by the Parliamentary Minute that provides for a guarantee by the Department for Education to meet any outstanding LGPS liabilities in the event of an academy closure. The guarantee came into force on 18 July 2013.

Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the School 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 (continued)

Investment policy

The School's Investment Strategy is to:

1. Regularly monitor cash flow and current and fund bank account balances to ensure immediate financial commitments can be met (payroll and payments runs) and that the accounts have adequate balances to meet forthcoming commitments. In practice a working balance of between £200,000 and £300,000 is likely to be maintained.
2. Identify funds surplus to immediate cash requirements and transfer to the School's liquidity deposit account which bears a higher interest rate.
3. Periodically review interest rates and compare with other investment opportunities.
4. Only invest funds in risk free and immediately assessable deposit accounts.

Any change in policy requires the approval of the governors via the Finance Committee.

FUTURE ACTIVITIES AND PLANS

Central Bedfordshire Council have earmarked £ 1.3 million of section 106 money that will be used to provide buildings for the planned expansion of the School. This money will be released over a number of years and the School expects a grant of £330,000 in 2016 -17. The School has planning permission for an extension of the Connolly Hall and this work will be commissioned when the School has received sufficient grant funding to allow building to commence.

AUDITOR

In so far as the governors are aware:

- ◆ there is no relevant audit information of which the School's auditor is unaware; and
- ◆ 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.

Governors' report, approved by order of the members of the Governing Body and signed on its behalf by:

Chairman



Date:

10 DEC 2016

Scope of responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Redborne Upper School and Community College 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 Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the School and the Secretary of State for Education. The Principal is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the governors' report and in the statement of governors' responsibilities. The Governing Body has formally met three times during the period. Attendance during the period at meetings of the Governing Body was as follows:

Governor	Number of meetings attended	Out of a possible
Mr C Birtwisle	—	3
Mrs A Brown	3	3
Mr T Corkett	2	3
Dr R A'Court	3	3
Mr N Croft	3	3
Mr A Day	3	3
Mr B Farbon	2	3
Mr D Farbon	2	3
Mr C Flynn	3	3
Mrs J Galvin	1	1
Professor J Harris	—	3
Mrs L Harrison	2	2
Mr R Last	3	3
Mr R Mintern	2	3
Professor J Morris	3	3
Mrs D Nunn	1	1
Mr G Pereira	3	3
Mrs P Rumble	2	3
Mrs E Tebbutt	1	1
Mr C Templeman	3	3
Mrs J Tucker	2	3
Mrs E Woodward	1	1

Governance (continued)

The Finance Committee is a sub-committee of the main Governing Body. Its purpose and responsibilities are described on page six.

Attendance at meetings in the period was as follows:

Governor	Number of meetings attended	Out of a possible
Dr R A'Court	3	3
Mr N Croft	2	3
Mr B Farbon	3	3
Mr D Farbon	2	3
Professor J Harris	—	3
Professor J Morris	3	3
Mr G Pereira	3	3

Governance reviews

The School did not conduct a review of governance in 2015-16 but intends to conduct its next self-evaluation and review of governance by June 2017, for inclusion in the Governors report for the year ended 31 August 2017.

Review of value for Money

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

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

- ◆ Reviewing why and how an activity is carried out by examining them for effectiveness, efficiency and cost. The School has a strong tradition of self-review of systems and contracts.
- ◆ Comparing performance, both inside the school and between similar schools, using local, LEA and Government data on student performance
- ◆ Consulting widely on a range of issues with stakeholders especially students and parents on the quality and suitability of the services provided, e.g. consultation on healthy eating policy and on school structures.
- ◆ Competitively seek the best value in terms of suitability, efficiency and cost of goods and services purchased using tendering processes. In practice this includes an assessment of the reliability and effectiveness of contractors and suppliers.

Review of value for Money (continued)

The School monitors best value principles by requiring the school managers to provide feedback on

- ◆ Benchmarking against similar institutions
- ◆ Annual budget planning and annual financial review
- ◆ Periodic financial review by the Business Manager
- ◆ Analysis of pupil performance data and the efficiency of the curriculum provision and the construction of the timetable by the Senior Management Team

Measurable outcomes will include

- ◆ Annual outturn budget
- ◆ Examination results
- ◆ Student recruitment to the school, the sixth form and individual courses
- ◆ Annual review of planning objectives of the development plan

Relevant documentation will include

- ◆ OFSTED Inspection Reports
- ◆ School self-evaluation form – (SEF)
- ◆ Reports of meetings of the Governing Body's sub committees
- ◆ Report of meetings of the full Governing Body meetings
- ◆ Annual report to parents
- ◆ School Development Plan

In 2015-16 the School has many examples of how it has improved their use of resources to deliver better value for money in the trust during the year. Examples of best practice included competitive tendering processes for the following projects

- ◆ new drainage system of the outside sports area
- ◆ the purchase of new computers to be used by students and staff
- ◆ a review of the costs of installing a new fire alarm system in the south school

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 the School's 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 at the School for the year ended 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 School 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 an ongoing process for identifying, evaluating and managing the School's significant risks that has been in place for the year ended 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.

The risk and control framework

The School'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 Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ delegation of authority and segregation of duties;
- ◆ identification and management of risks.

The 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 G Pereira, a governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the School's financial systems. On a termly basis, the RO reports to the governors on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

Governance statement 31 August 2016

Review of effectiveness

As Accounting Officer, the Principal 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 Responsible Officer;
- ◆ the work of the external auditor;
- ◆ the financial management and governance self-assessment process;
- ◆ the work of the Senior Leadership Team within the School who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has advised the Finance Sub-committee of the implications of his review of the system of internal control and a plan to ensure continuous improvement of the system is in place.

Approved by order of the Governing Body and signed on their behalf by:

Chairman



Principal and Accounting Officer

Approved on:

8 DEC 2016

Statement on regularity, propriety and compliance 31 August 2016

As Accounting Officer of Redborne Upper School and Community College, I have considered my responsibility to notify the School's Governing Body 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 School and the Secretary of State. 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 School's Governing Body are able to identify any material irregular or improper use of funds by the School, or material non-compliance with the terms and conditions of funding under the School'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 governors and EFA.



Principal and Accounting Officer

Date: - 0 DEC 2016

Statement of governors' responsibilities 31 August 2016

The governors (who act as trustees for the charitable activities of the School and are also the directors of the School for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Requirements 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 School and of 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 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 United Kingdom Accounting Standards (FRS 102) 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 School will continue in operation.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the School's transactions and disclose with reasonable accuracy at any time the financial position of the School 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 School 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 School 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 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 School'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 and signed on its behalf by:

Chairman



Date:

- 6 DEC 2016

Independent auditor's report on financial statements 31 August 2016

Independent auditor's report on the financial statements to the members of Redborne Upper School and Community College

We have audited the financial statements of Redborne Upper School and Community College for the year ended 31 August 2016 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies 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) and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the School'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 School's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the School and the School's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor

The governors act as trustees for the charitable activities of Redborne Upper School and Community College and are also the directors of the School for the purpose of company law.

As explained more fully in the statement of governors' responsibilities set out in the governors' report, the governors 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 School'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.

Independent auditor's report on financial statements 31 August 2016

Opinion

In our opinion:

- ◆ the financial statements give a true and fair view of the state of the School's affairs as at 31 August 2016 and of its income and expenditure for the year then ended;
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006; and
- ◆ the financial statements have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2015 to 2016.

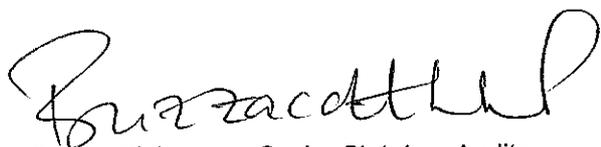
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the governors' 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
- ◆ the financial statements are not in agreement with the accounting records; 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.



Shachi Blakemore, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 13 December 2016

Independent reporting accountant's report on regularity to the Governing Body of Redborne Upper School and Community College and the Education Funding Agency

In accordance with the terms of our engagement letter 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 Redborne Upper School and Community College during the period from 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 Redborne Upper School and Community College and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Redborne Upper School and Community College 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 the Redborne Upper School and Community College and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Redborne Upper School and Community College's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Redborne Upper School and Community College's funding agreement with the Secretary of State for Education dated 31 March 2011 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 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.

Approach (continued)

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 School's income and expenditure.

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the School's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

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



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Date: 13 December 2016

Statement of financial activities Year ended 31 August 2016
(Including Income and Expenditure Account)

	Notes	Un- restricted funds £	Restricted funds			2016 Total funds £	2015 Total funds £
			EFA £	Other £	Fixed assets fund £		
Income from:							
Donations and capital grants	2	20,235	—	6,177	31,737	58,149	710,992
Charitable activities							
· Funding for the Academy's educational operations	3	—	7,628,050	372,208	—	8,000,258	8,056,568
Other trading activities	4	884,424	—	99,629	—	984,053	774,188
Investments	5	4,323	—	399	—	4,722	17,533
Total income		<u>908,982</u>	<u>7,628,050</u>	<u>478,413</u>	<u>31,737</u>	<u>9,047,182</u>	<u>9,559,281</u>
Expenditure on:							
Charitable activities							
· Academy's educational operations		833,865	7,754,863	509,839	482,020	9,580,587	9,415,031
Total expenditure	6	<u>833,865</u>	<u>7,754,863</u>	<u>509,839</u>	<u>482,020</u>	<u>9,580,587</u>	<u>9,415,031</u>
Net income (expenditure) for the year		75,117	(126,813)	(31,426)	(450,283)	(533,405)	144,250
Transfers between funds		(25,578)	(21,520)	(17,099)	64,197	—	—
Net income (expenditure) for the year after transfers		49,539	(148,333)	(48,525)	(386,086)	(533,405)	144,250
Other recognised losses							
Actuarial losses on defined benefit pension scheme	19	—	(1,003,000)	—	—	(1,003,000)	(51,000)
Net movement in funds		49,539	(1,151,333)	(48,525)	(386,086)	(1,536,405)	93,250
Reconciliation of funds							
Fund balances brought forward at 1 September		804,581	(1,474,667)	68,659	15,000,871	14,399,444	14,306,194
Fund balances carried forward at 31 August		<u>854,120</u>	<u>(2,626,000)</u>	<u>20,134</u>	<u>14,614,785</u>	<u>12,863,039</u>	<u>14,399,444</u>

All of the School's activities derive from continuing operations during the above two financial periods.

Balance sheet 31 August 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible fixed assets	13		14,614,785		15,000,871
Current assets					
Debtors	14	137,035		332,353	
Cash at bank and in hand		1,077,888		828,461	
		<u>1,214,923</u>		<u>1,160,814</u>	
Creditors: amounts falling due within one year	15	(340,669)		(268,241)	
Net current assets			874,254		892,573
Total assets less current liabilities			15,489,039		15,893,444
Pension scheme liability	19		(2,626,000)		(1,494,000)
Total net assets			12,863,039		14,399,444
Funds of the School					
Restricted funds					
. Fixed assets fund	16		14,614,785		15,000,871
. EFA fund	16		—		19,333
. Pension reserve	16		(2,626,000)		(1,494,000)
. Other funds	16		20,134		68,659
			<u>12,008,919</u>		<u>13,594,863</u>
Unrestricted funds					
. General fund	16		854,120		804,581
Total funds			12,863,039		14,399,444

The financial statements on page 27 to 50 were approved by the Governors, and authorised for issue on 6 DEC 2016 and are signed on their behalf by:

6 DEC 2016

Chairman



Redborne Upper School and Community College
Company Limited by Guarantee
Registration Number: 07566436 (England and Wales)

Statement of cash flows Year ended 31 August 2016

		2016 £	2015 £
Net cash flows from operating activities			
Net cash provided by (used in) operating activities	A	277,165	(175,845)
Cash flows from investing activities	B	(27,738)	(1,854,479)
Change in cash and cash equivalents in the year		<u>249,427</u>	<u>(2,030,324)</u>
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2015		828,461	2,858,785
Cash and cash equivalents at 31 August 2016	C	<u>1,077,888</u>	<u>828,461</u>

A Reconciliation of (expenditure) income to net cash flow from operating activities

		2016 £	2015 £
Net (expenditure) income for the year (as per the statement of financial activities)		(533,405)	144,250
Adjusted for:			
Depreciation (note 13)		450,283	366,986
Capital grants from DfE and other capital income		(31,737)	(704,140)
Interest receivable (note 5)		(4,722)	(17,533)
Defined benefit pension scheme cost less contributions payable (note 19)		72,000	85,000
Defined benefit pension scheme finance cost (note 19)		57,000	50,000
Decrease (increase) in debtors		195,318	(82,052)
Increase (decrease) in creditors		72,428	(18,356)
Net cash provided by (used in) operating activities		<u>277,165</u>	<u>(175,845)</u>

B Cash flows from investing activities

		2016 £	2015 £
Interest receivable		4,722	17,533
Purchase of tangible fixed assets		(64,197)	(2,576,152)
Capital grants from DfE		31,737	704,140
Net cash used in investing activities		<u>(27,738)</u>	<u>(1,854,479)</u>

C Analysis of cash and cash equivalents

		2016 £	2015 £
Cash at bank and in hand		1,077,888	828,461
Total cash and cash equivalents		<u>1,077,888</u>	<u>828,461</u>

Principal accounting policies 31 August 2016

Statement of accounting policies

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

Basis of preparation

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

Redborne Upper School and Community College meets the definition of a public benefit entity under FRS 102.

Transition to FRS 102

First time adoption of FRS 102

These financial statements are the first financial statements of Redborne Upper School and Community College 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 Redborne Upper School and Community College 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.

Explanation of transition to FRS 102

It is the first year that the School 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 governors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Principal accounting policies 31 August 2016

Transition to FRS 102 (continued)

Explanation of transition to FRS 102 (continued)

A reconciliation and description of the effect of the transition to FRS 102 and SORP 2015 on net income for the comparative period reported under previous UK GAAP and SORP 2005 is given below:

	2015 £
Reconciliation of net income	
Net income previously reported under UK GAAP	176,250
Change in recognition of LGPS interest cost (A)	(32,000)
Net income for the period	144,250

A – Change in recognition of LGPS interest cost

Under previous UK GAAP, the School recognised an expected return on defined benefit plan assets in expenditure. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenditure. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expenditure by £32,000 and decrease the debit to other recognised gains and losses in the statement of financial activities by an equivalent amount.

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 company 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 School has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the School's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Principal accounting policies 31 August 2016

Income

All income is recognised when the School 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.

The General Annual Grant is recognised in full in the statement of financial activities 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

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable 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.

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.

Charitable activities

These are costs incurred on the School's educational operations, including support costs and costs relating to the governance of the academy trust.

All resources expended are stated net of recoverable VAT.

Tangible fixed assets

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

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

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

Freehold buildings	2% per annum
Fixtures, fittings and equipment	20% per annum

Depreciation is charged from the month of acquisition.

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.

The leasehold land and buildings value relates to the School site at Flitwick Road. As the site is designated for educational purposes only, the land has no open market value and hence the value in these financial statements relates to the School buildings only, which are included at a depreciated replacement cost valuation.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the School 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.

Leased assets

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

Taxation

The School 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 School 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 School 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 School 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.

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 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.

Fund accounting

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

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

Restricted EFA funds comprise all other grants received from the Education Funding Agency.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority, Central Bedfordshire Council.

Designated funds comprise amounts set aside to fund future capital projects.

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 School 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 and estimating the useful economic life of tangible fixed assets for the purposes of calculating depreciation.

Notes to the financial statements Year ended 31 August 2016

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the School was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The School has not exceeded these limits during the year ended 31 August 2016.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Capital grants				
. Capital funding – EFA devolved formula	—	31,737	31,737	32,153
. Capital funding – EFA Capital maintenance grant	—	—	—	111,956
. Capital funding – 16-19 demographic growth grant	—	—	—	560,031
Other donations	20,235	6,177	26,412	6,852
	<u>20,235</u>	<u>37,914</u>	<u>58,149</u>	<u>710,992</u>

3 Funding for the School's educational operations

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
DfE / EFA revenue grant				
. General Annual Grant (GAG)	—	7,513,384	7,513,384	7,599,888
. Other EFA grants	—	114,666	114,666	120,497
	—	<u>7,628,050</u>	<u>7,628,050</u>	<u>7,720,385</u>
Other government grants				
. Local authority grants – RSP grants	—	9,920	9,920	23,800
. Local authority grants – various	—	—	—	2,575
. Local authority grants – Pupil Focus	—	45,396	45,396	63,408
. Teacher Subject Specific Training Grant	—	37,484	37,484	—
. School Direct	—	55,280	55,280	39,340
. Special educational projects	—	209,164	209,164	188,744
. Bikeability	—	14,964	14,964	18,316
	—	<u>372,208</u>	<u>372,208</u>	<u>336,183</u>
	—	<u>8,000,258</u>	<u>8,000,258</u>	<u>8,056,568</u>

Notes to the financial statements Year ended 31 August 2016

4 Other trading activities

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Hire of facilities	139,486	5,085	144,571	132,571
Trip income	271,297	—	271,297	206,542
Catering income	154,830	—	154,830	127,745
Miscellaneous income	190,242	94,544	284,786	278,316
Consultancy services	128,569	—	128,569	36,824
	884,424	99,629	984,053	774,188

5 Income from investments

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Interest receivable	4,323	399	4,722	17,533

6 Expenditure

	Staff costs £	Non pay expenditure		2016 Total funds £	2015 Total funds £
		Premises £	Other costs £		
Charitable activities					
. Academy's educational operations					
.. Direct costs	6,113,946	—	796,125	6,910,071	6,671,810
.. Support costs (note 7)	1,013,278	506,579	1,150,659	2,670,516	2,743,221
	7,127,224	506,579	1,946,784	9,580,587	9,415,031

	2016 £	2015 £
Net income for the year includes:		
Operating leases	10,765	30,845
Fees payable to auditor		
. Statutory audit	9,850	9,600
. Non statutory audit	3,460	3,375
. Other non-audit services – current year	3,790	2,925
. Other non-audit services – prior year	—	1,050

Notes to the financial statements Year ended 31 August 2016

7 Support costs

	2016 Total funds £	2015 Total funds £
Analysis of support costs		
Support staff costs	1,013,278	1,052,274
Depreciation	450,283	366,986
Technology costs		
Premises costs	506,579	632,362
Other support costs	683,263	674,609
Governance costs (note 8)	17,113	16,991
Total support costs	2,670,516	2,743,221

8 Governance costs

	2016 Total funds £	2015 Total funds £
Legal and professional fees	13	41
Auditor's remuneration:		
. Audit of financial statements	9,850	9,600
. Other audits	3,460	3,375
. Other non-audit services	3,790	3,975
	17,113	16,991

Notes to the financial statements Year ended 31 August 2016

9 Comparative information

Analysis of income and expenditure in the year ended 31 August 2015 between restricted and unrestricted funds:

	Un-restricted funds £	Restricted funds		Fixed assets fund £	2015 Total funds £
		EFA £	Other £		
Income from:					
Donations and capital grants	4,660	—	2,192	704,140	710,992
Charitable activities					
· Funding for the Academy's educational operations	—	7,720,385	356,183	—	8,056,568
Other trading activities	670,510	—	103,678	—	774,188
Investments	17,137	—	396	—	17,533
Total income	692,307	7,720,385	442,449	704,140	9,559,281
Expenditure on:					
Charitable activities					
· Academy's educational operations	496,666	7,940,518	466,590	511,257	9,415,031
Total expenditure	496,666	7,940,518	466,590	511,257	9,415,031
Net income (expenditure) for the year	195,641	(220,133)	(24,141)	192,883	144,250
Transfers between funds	(771,555)	23,361	—	748,194	—
	(575,914)	(196,772)	(24,141)	941,077	144,250
Other recognised losses					
Actuarial losses on defined benefit pension scheme	—	(51,000)	—	—	(51,000)
Net movement in funds	(575,914)	(247,772)	(24,141)	941,077	93,250

Notes to the financial statements Year ended 31 August 2016

10 Staff

a) Staff costs

Staff costs during the year were:

	2016 Total funds £	2015 Total funds £
Wages and salaries	5,609,992	5,559,218
Social security costs	484,650	426,344
Pension costs	868,409	755,111
	<u>6,963,051</u>	<u>6,740,673</u>
Supply teacher costs	58,827	46,283
Staff restructuring	33,346	3,911
LGPS pension adjustment	72,000	85,000
	<u>7,127,224</u>	<u>6,875,867</u>

	2016 £	2015 £
Staff restructuring costs comprise		
Redundancy payments	33,346	3,911
	<u>33,346</u>	<u>3,911</u>

a) Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £33,346 (2015 – £3,911). This amount relates to two single payments of £8,739 and £24,607 (2015 – one single payment).

b) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2016 (on a headcount basis) was as follows:

Charitable activities	2016 No.	2015 No.
Teachers	111	104
Administration and support	79	83
Management	8	8
	<u>198</u>	<u>195</u>

Notes to the financial statements Year ended 31 August 2016

10 Staff (continued)

c) Higher paid staff

The number of employees whose annualised emoluments fell within the following bands was:

	2016 No	2015 No
£60,001 - £70,000	1	1
£70,001 - £80,000	1	2
£80,001 - £90,000	2	1
£140,001 - £150,000	—	1
£150,001 - £160,000	1	—

Four of the above employees participated in the Teachers' Pension Scheme. The other employee participated in the Local Government Pension scheme (LGPS).

d) Key management personnel

The key management personnel of the School comprise the governors and the senior leadership 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 School was £818,376 (2015: £758,749). These benefits consisted of payments to 8 members of the senior leadership team and 3 staff governors (2015: 8 members of the senior leadership team and 2 staff governors).

11 Governors' remuneration and expenses

The Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments from the school in respect of their role as governors. The value of governors' remuneration and other benefits in the year ended 31 August 2016 was as follows:

	2016 £'000	2015 £'000
N Croft, Principal		
. Remuneration	150k-155k	145k-150k
. Employer's pension contributions	25k-30k	20k-25k
A Day, staff governor		
. Remuneration	56k-60k	50k-55k
. Employer's pension contributions	5k-10k	5k-10k
T Eager, staff governor		
. Remuneration	—	50k-55k
. Employer's pension contributions	—	—
C Flynn, staff governor		
. Remuneration	45k-50k	—
. Employer's pension contributions	6k-10k	—
L Harrison, staff governor		
. Remuneration	10k-15k	20k-25k
. Employer's pension contributions	0k-5k	0k-5k
D Nunn, staff governor		
. Remuneration	26k-30k	—
. Employer's pension contributions	0k-5k	—

Notes to the financial statements Year ended 31 August 2016

11 Governors' remuneration and expenses (continued)

No travel and subsistence expenses were reimbursed to governors during the year ended 31 August 2016 (2015 - £nil).

Other related party transactions involving the governors are set out in note 20.

12 Governors' and Officers' insurance

In accordance with normal commercial practice the School has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,038 (2015 - £1,101).

13 Tangible fixed assets

	Furniture and equipment £	Leasehold land and buildings £	Minibus £	Total funds £
Cost/valuation				
At 1 September 2015	686,043	15,589,840	—	16,275,883
Additions	21,520	25,877	16,800	64,197
At 31 August 2016	707,563	15,615,717	16,800	16,340,080
Depreciation				
At 1 September 2015	196,832	1,078,180	—	1,275,012
Charge in period	137,926	311,797	560	450,283
At 31 August 2016	334,758	1,389,977	560	1,725,295
Net book value				
At 31 August 2016	372,805	14,225,740	16,240	14,614,785
At 31 August 2015	489,211	14,511,660	—	15,000,871

The leasehold land and buildings value above relates to the School site at Flitwick Road. As the site is designated for educational purposes only, the land has no open market value and hence the value in these financial statements relates to the School buildings only, which are included at a depreciated replacement cost valuation.

Notes to the financial statements Year ended 31 August 2016

14 Debtors

	2016 £	2015 £
Trade debtors	10,037	17,010
Prepayments	57,365	55,191
VAT Debtor	51,753	238,322
Other debtors and accrued income	17,880	21,830
	<u>137,035</u>	<u>332,353</u>

15 Creditors: amounts falling due within one year

	2016 £	2015 £
Other taxation and social security	142,484	124,988
Trade creditors	43,951	49,108
Accruals and deferred income	149,470	86,930
Other creditors	4,764	7,215
	<u>340,669</u>	<u>268,241</u>
Deferred income		
Balance at 1 September 2015	22,916	10,515
Deferred income released in the year	(22,916)	(10,515)
Resources deferred in the year	26,752	22,916
Deferred income at 31 August 2016	<u>26,752</u>	<u>22,916</u>

Deferred income amounting to £26,752 (2015 - £22,916) relates to deposits received from students for bus travel and trips which will take place in 2016/17.

Notes to the financial statements Year ended 31 August 2016

16 Funds

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
EFA revenue grant fund					
. General Annual Grant (GAG)	—	7,513,384	(7,491,864)	(21,520)	—
. Pupil premium	19,333	114,666	(133,999)	—	—
	19,333	7,628,050	(7,625,863)	(21,520)	—
. Pension reserve	(1,494,000)	—	(129,000)	(1,003,000)	(2,626,000)
	(1,474,667)	7,628,050	(7,754,863)	(1,024,520)	(2,626,000)
Fixed assets fund					
. EFA capital grants	12,505	31,737	(32,003)	—	12,239
. Capital funding – Sports Partnership Grant	—	—	—	25,877	25,877
. Capital grants for 3G Pitch	557,395	—	(11,489)	—	545,906
. Phase 2 DT Block	1,161,774	—	(43,080)	—	1,118,694
. Capital grants from EFA – 16-19 demographic growth grant	450,538	—	—	—	450,538
. Capital grants from Local Authority – 16-19 demographic growth grant	2,845,546	—	(116,260)	—	2,729,286
. GAG	197,291	—	(64,727)	21,520	154,084
. School building and furniture and equipment transferred from Local Authority	9,775,822	—	(214,461)	16,800	9,578,161
	15,000,871	31,737	(482,020)	64,197	14,614,785
Other funds					
. Local Authority grants - SEN	—	209,164	(209,164)	—	—
. Local Authority grants - various	—	—	—	—	—
. Redbourne Sports Partnership	24,572	110,641	(143,991)	8,778	—
. Local Authority grants - Pupil Focus GTP grant	—	45,396	(45,396)	—	—
. Teacher Subject Specific Training grant	—	37,484	(37,484)	—	—
. Bikeability	—	14,964	(14,964)	—	—
. Schools Direct	—	55,280	(55,280)	—	—
. Tennis and Community Sports Partnership	44,087	5,484	(3,560)	(25,877)	20,134
	68,659	478,413	(509,839)	(17,099)	20,134
Total restricted funds	13,594,863	8,138,200	(8,746,722)	(977,422)	12,008,919
Unrestricted funds					
. General fund	804,581	908,982	(833,865)	(25,578)	854,120
Total unrestricted funds	804,581	908,982	(833,865)	(25,578)	854,120
Total funds	14,399,444	9,047,182	(9,580,587)	(1,003,000)	12,863,039

Notes to the financial statements Year ended 31 August 2016

16 Funds (continued)

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

EFA revenue grant

This fund represents grants received from the EFA for the School's operational activities and development.

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the School was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. There was no carry forward at 31 August 2016.

Fixed assets fund

This fund represents the tangible fixed assets of the School including unspent grants received to fund works of a capital nature.

Other restricted funds

These funds relate to specific income received for earmarked projects or activities.

Pension reserve

The pension reserve relates to the School's share of the Local Government Pension Scheme.

17 Analysis of net assets between funds

	Unrestricted Funds £	Pension reserve £	Restricted Other Funds £	Restricted Fixed Asset Fund £	Total 2016 £
Fund balances at 31 August 2016 are represented by:					
Tangible fixed assets	—	—	—	14,614,785	14,614,785
Current assets	854,120	340,669	20,134	—	1,214,923
Current liabilities	—	(340,669)	—	—	(340,669)
Pension scheme liability	—	(2,626,000)	—	—	(2,626,000)
Total net assets	854,120	(2,626,000)	20,134	14,614,785	12,863,039

18 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.

19 Pension and similar obligations

The School'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 Bedford Borough Council. Both are multi-employer defined benefit 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.

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:

19 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme (continued)

- ◆ employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- ◆ 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 £685,177 (2015: £572,762).

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 (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £264,000, of which employer's contributions totalled £198,000 and employees' contributions totalled £66,000. The agreed contribution rates for future years are 19.9% for employers and between 5.5% and 12.5% 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.

Notes to the financial statements Year ended 31 August 2016

19 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Principal Actuarial Assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.1%	3.5%
Rate of increase for pensions in payment / inflation	2.1%	2.6%
Discount rate for scheme liabilities	2.0%	3.7%
Inflation assumption (CPI)	2.1%	2.6%
Commutation of pensions to lump sums	50%	50%

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.4	22.4
Females	24.3	24.3
<i>Retiring in 20 years</i>		
Males	24.4	24.4
Females	26.8	26.8

The School's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2016 £ 000	Fair value at 31 August 2015 £ 000
Equity instruments	1,996	1,334
Debt instruments	259	358
Property	259	219
Cash	78	80
Total market value of assets	2,592	1,991
Present value of scheme liabilities	(5,218)	(3,485)
Deficit in the scheme	(2,626)	(1,494)

The actual return on scheme assets was £359,000 (2015 - £41,000).

Amounts recognised in statement of financial activities	2016 £000	2015 £000
Current service costs (net of employee contributions)	270	280
Net interest cost	57	50
Total operating charge	327	330

19 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Movements in the overall deficit were as follows:	2016 £000	2015 £000
Deficit at 1 September	(1,494)	(1,308)
Current service cost	(270)	(280)
Employer's contributions	198	195
Net finance interest	(57)	(50)
Actuarial losses	(1,003)	(51)
At 31 August	(2,626)	(1,494)

Changes in the present value of defined benefit obligations were as follows:	2016 £000	2015 £000
At 1 September	3,485	3,036
Current service cost	270	280
Interest cost	135	118
Employee contributions	66	68
Benefits paid	(22)	(41)
Actuarial loss	1,284	24
At 31 August	5,218	3,485

Changes in the fair value of the Academy's share of scheme assets:	2016 £000	2015 £000
At 1 September	1,991	1,728
Interest income	78	68
Actuarial gain (loss)	281	(27)
Employer contributions	198	195
Employee contributions	66	68
Benefits paid	(22)	(41)
At 31 August	2,592	1,991

20 Related party transactions

Owing to the nature of the School's operations and the composition of the Board of Governors 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 Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the School's financial regulations and normal procurement procedures.

Notes to the financial statements Year ended 31 August 2016

21 Commitments under operating leases

Operating leases

At 31 August 2016, the total of the School's future minimum lease payments under non-cancellable operating leases was as follows:

	2016 £	2015 £
Amounts due within one year	9,821	10,765
Amounts due between two and five years inclusive	18,690	34,424
	<u>28,511</u>	<u>45,189</u>

22 Agency arrangements

The School distributes 16-19 bursary funds to students as an agent for EFA. In the accounting year ended 31 August 2016, the School received £16,664 and disbursed £19,114 from the fund. An amount of £4,764 (2015 - £7,215) is included in other creditors relating to undistributed funds that is repayable to EFA.