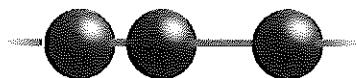


**Alleyne's Academy
(A Company Limited by Guarantee)**

Annual Report and Financial Statements

Year ended 31 August 2018

Company Registration Number: 08611863 (England and Wales)



PLANT & CO
CHARTERED ACCOUNTANTS & REGISTERED AUDITORS

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Alleyne's Academy

Reference and administrative details

Trust Members	W. Lockwood J. Lockley S. Crookshank A. Haskins
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Governors (all Governors are also directors of the Company)

W. Lockwood, Chair
K. Lockett, Headteacher and Accounting Officer
J. Lockley, Chair
J. Atkinson, Staff Governor
S. M Crookshank
R. Curtis (Resigned 31.08.18)
E. A Haskins
K. L Hewson, Staff Governor
M. Justice, Staff Governor
S. A Kirsop
M. S Calverley
C. Copp
J. Jacques
T. Smith, Staff Governor

Headteacher	K. Lockett
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Company Secretary	M. Barnes
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Senior Leadership Team	K. Lockett, Headteacher T. Tweats, Deputy Headteacher (Appointed 01.09.17) J. Atkinson, Director of Business & Finance B. Jones, Management Information Officer R. Cash, Assistant Headteacher K. Hewson, Assistant Headteacher C. Bailey, Assistant Headteacher
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Registered Office	Alleyne's Academy Oulton Cross Oulton Road Stone Staffordshire ST15 8DT
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Company Registered Number	8611863
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Independent Auditors	Plant & Co Limited Chartered Accountants and Registered Auditors 17 Lichfield Street Stone Staffordshire ST15 8NA
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Alleyne's Academy

Bankers

Lloyds Bank PLC
5 Market Street
Stafford
ST16 2JL

Solicitors

Anthony Collins Solicitors LLP
134 Edmund Street
Birmingham
B3 2ES

Alleyne's Academy

Governors' Report

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a Governors' report, and a directors' report under company law.

The Governing Body operates the Academy for pupils aged 13 to 18 serving a catchment area in Stone, Staffordshire. It has a pupil capacity of 1025 and had a roll of 749 in the school census in October 2017.

Structure, Governance and Management

Constitution

The Academy is a company limited by guarantee and an exempt charity. The charitable company's memorandum and Articles of Association are the primary governing documents of the Academy trust. The Governors of Alleyne's Academy are also the directors of the charitable company for the purposes of company law. The charitable company is known as Alleyne's Academy.

Details of the Governors who served during the year are included in the Reference and Administrative Details on page 2.

Members' Liability

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

Governors' Indemnities

A Governor may benefit from any indemnity insurance purchased at the Academy's expense to cover the liability of the Governors which by any virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy: provided that any such insurance shall not extend to any claim arising from any act or omission which the Governors knew to be a breach of trust or breach of duty or which was committed by the Governors in reckless disregard to whether it was a breach of trust or breach of duty or not and the costs of any unsuccessful defence to a criminal prosecution brought against the Governors in their capacity as directors of the Academy.

Method of Recruitment and Appointment or Election of Governors

The management of the Academy is the responsibility of the Governors who are elected and co-opted under the terms of the Articles of Association.

The Members may appoint up to three Governors. They may appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Headteacher) who are employees of the Academy does not exceed one third of the total number of Governors.

Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy when he/she is elected.

The Governors may appoint Co-opted Governors, provided that the total number of Co-opted Governors who are employees of the Academy does not exceed one third of the total number of Governors (including the Headteacher).

The minimum number of Governors allowed at any time is three.

Policies and Procedures Adopted for the Induction and Training of Governors

The induction and training procedures provided for new Governors will depend on their existing experience. Where necessary, induction will provide training on educational, legal and financial matters. All new Governors will be given a tour of the Academy and the opportunity to meet with staff and students. All Governors are linked to a department or specialism. All Governors are provided with copies of relevant policies, procedures, minutes, budgets, plans and other documents. All Governors are subject to Disclosure and Barring Service (DBS) checks.

Governors' Report (continued)

Organisational Structure

A unified management structure is in place. The Governors are responsible for setting general policy, adopting an annual school improvement plan and budget, monitoring the use of budgets and making major decisions regarding the direction of the Academy, capital expenditure and senior staff appointments.

The Senior Leadership Team control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group, the Senior Leadership Team always contains a Governor. The Headteacher is the Accounting Officer. Some spending control is devolved to other senior members of the staff, with limits above which a member of the Senior Leadership Team must countersign.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

For teaching staff, the Academy adopts the Department for Education's published 'School Teacher's Pay and Conditions Document 2017' which offers guidance on school teacher's pay and conditions.

For non-teaching staff the Academy adopts the National Joint Council's published '2017-2018 Payscales and Allowances'.

Connected Organisations, including Related Party Relationships

As a converter Academy, Alleyne's Academy has no structural or commercial affiliation to any other organisations. All pecuniary interests for staff and Governors are recorded and reviewed at least annually and, in the case of Governors' meetings, at every meeting.

Trade Union Facility Time

Information, as it applies to the Academy, is included below to satisfy requirements of the Trade Union (Facility Time Publication Requirements) Regulations 2017 for the period from 1 April 2017 to 31 March 2018 (the relevant period).

Relevant union officials:

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
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3	2.8
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Percentage of time spent on facility time:

Percentage of time	Number of employees
>1%	3
2-50%	-
51-99%	-
100%	-

Percentage of pay bill spent on facility time:

Total cost of facility time	0
Total pay bill	0
Percentage of the total pay bill spent on facility time	0%

Paid trade union activities:

Time spent on paid trade union activities as a percentage of total paid facility time	>1%
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Alleyne's Academy

Governors' Report (continued)

Objectives and Activities

Objects and Aims

The Academy holds a firm belief that, in order to achieve our aims, we should work in partnership with stakeholders and external organisations.

The principal activity of the Academy is the provision of high quality education for students of all abilities between the ages of 13 and 18.

Objectives, Strategies and Activities

The main objectives for 2018/19 are to continue to raise achievement and standards at GCSE and A Level, to improve attendance of students and to constantly strive to improve the teaching and learning in the Academy.

These and other objectives are to be found in more detail in our School Improvement Plan.

Public Benefit

The Academy Governors have had due regard to the guidance on public benefit as published by the Charity Commission, particularly with regard to the education of young people in Stone.

Strategic Report

Achievements and Performance

The Academy continued to achieve excellent GCSE results in 2018. The Progress 8 figure was +0.4, meaning that on average students achieved almost half a grade more than similar students nationally across all 8 subjects that counted in the Progress 8 calculation and ranked the Academy 4th across Staffordshire, Stoke-on-Trent and East Cheshire.

Post-16 results continued to improve and the Academy is now significantly positive for A Level and Academic courses with a Value Added score of +0.16.

Alleyne's Academy

Governors' Report (continued)

Self-evaluation at Alleyne's is rigorous and the Senior Leadership Team is confident that this performance can be sustained.

Key Performance Indicators

The Academy's KPI's are:

- Annual GCSE results;
- Annual A Level results;
- Ofsted inspection reports, and
- Annual balanced budget.

The achievements and performance of the Academy are measured principally through external examination results at GCSE and A Level. In 2017 these results were higher than national attainment levels.

Alleyne's Academy was judged 'Good with Outstanding Features' at its last Ofsted inspection in April 2017. A copy of the full report is available on the Academy website.

A balanced budget was set for 2017/18 and expenditure was made within the boundaries of the budget.

Going Concern

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

Financial Review

The majority of income in the year was derived from the General Annual Grant (GAG), the use of which is restricted to use in the furtherance of the objects of the Academy Trust. The GAG received during the period covered by this report and the associated expenditure is shown as restricted funds in the Statement of Financial Activities.

Total income for the Academy during the year was £3.924m (2017 - £4.078m) and total expenditure was £4.359m (2017 - £4.441m), giving rise to a deficit of £0.427m (2017 – deficit of £0.363m).

The Academy had cash reserves of £0.941m as at the balance sheet date (2017 - £1.072m).

The Academy's restricted funds as at the balance sheet date were £6.731m (2017 – £6.912m) and its unrestricted funds were £0.429 (2017 - £0.427m).

The Academy held an endowment policy at as the balance sheet date valued at £0.048m (2017 - £0.047m).

The Governors remain concerned with the deficit that the Local Government Pension Fund is reporting. (See Note 25 to the Financial Statements).

Reserves Policy

The Governors review the reserve levels of the Academy on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. Restricted general funds (excluding the pension reserve) at the balance sheet date were £0.345m (2017 - £0.480m) and unrestricted funds as the balance sheet date were £0.429m (2017 - £0.427m). The pension fund remains in deficit at £1.283m (2017 - £1.421m).

Governors' Report (continued)

Investment Policy

The Academy aims to manage its cash balances to provide for the day to day working capital requirements of its operations whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the Academy aims to invest surplus cash funds to optimise returns but ensuring the investments are such that there is no risk to the loss of these cash funds. £250,000 remains in a 32 day investment account, providing an annual interest rate of 0.7%.

Principle Risks and Uncertainties

The Governors have assessed the major risks to which the Academy is exposed, in particular those related to the operations and finances of the Academy, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Funding fluctuations due to falling numbers on roll and reductions to funding are a significant risk to the Academy. However, through maintaining an awareness of pupil numbers in feeder schools, an awareness of national proposals and initiatives and strategically planning for possible future reductions, this risk is mitigated.

Internal control systems and exposure to risks are considered on a regular ongoing basis by the Senior Leadership Team and the Governing Body.

Plans for Future Periods

The Academy will continue to:

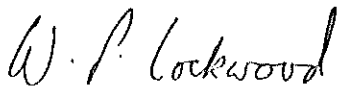
- provide high quality education for young people in Stone and the surrounding areas;
- raise aspirations, attainment, achievement and attendance amongst our young people;
- attract high quality teaching and support staff to work at the Academy;
- work with its feeder schools and local businesses to further the aims of the Academy, and
- maintain and improve the buildings and site where grants and fund permit.

Auditor

In so far as the Governors are aware:

- there is no relevant audit information of which the Charitable Company'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.

Approved by order of the members of the Governing Board on 27 November 2018 and signed on its behalf by:



.....
Mr W Lockwood (Chair)

Alleyne's Academy

Governance Statement

Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Headteacher as Accounting Officer, for ensuring that 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 Alleyne's Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Governors' responsibilities statement. The Governing Body has formally met 3 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
W. Lockwood, Chair	3	3
K. Lockett, Headteacher	3	3
J. Atkinson	3	3
M. Calverley	2	3
C. Copp	3	3
S. Crookshank	3	3
R. Curtis	3	3
A. Haskins	3	3
K. L Hewson,	3	3
J. Jacques	3	3
M. Justice	3	3
S. Kirsop	1	3
J. Lockley	3	3
T. Smith	3	3

The Governors' Finance Committee is a sub-committee of the main Governing Body.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
J. Atkinson	3	3
K. L Hewson	3	3
K. Lockett	2	3
J. Lockley	2	3
W. P Lockwood	3	3
M Calverley	2	3
J. Jacques	2	3

Alleyne's Academy

Governance Statement (continued)

The Governors' Buildings and Health & Safety Committee is a sub-committee of the main Governing Body.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
J. Atkinson	3	3
M. Calverley	3	3
R. Curtis	3	3
J. Jacques	2	3
M. Justice	3	3
K. Lockett	2	3
J. Lockley	2	3
W. Lockwood	3	3

The Governors' Staffing and Curriculum Committee is a sub-committee of the main Governing Body.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
J. Atkinson	3	3
C. Copp	3	3
S. M Crookshank	3	3
R. Curtis	3	3
A Haskins	3	3
K. L Hewson	3	3
M. Justice	3	3
S. A Kirsop	3	3
K. Lockett	3	3
J. Lockley	3	3
W. P Lockwood	3	3
T. Smith	3	3

The Remuneration Committee is a sub-committee of the main Governing Body.

Governor	Meetings attended	Out of a possible
J. Lockley	1	1
W. Lockwood	1	1
K. Lockett	1	1
J. Atkinson	1	1
S. Crookshank	1	1

Review of Value for Money

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

The Accounting Officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the board of Governors where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer has set out in detail how the Academy has delivered improved value for money during the year in the Value for Money Statement issued. A summary of the key areas are as follows:

- Improving educational outcomes
- Financial governance and oversight
- Procurement
- Income generation
- Reviewing controls and managing risk
- Future plans and lessons learned.

Governance Statement (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Alleyne's Academy for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the Academy is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy trust's significant risks that has been in place for the year 1 September 2017 to August 2018 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 Academy'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 decided to use the services of Staffordshire County Council Internal Audit Department to carry out compliance and themed audits. A financial health check was carried out in June 2018 and the findings of which were reported to the Governing Body. Remedial action was taken to implement the recommendations from the report.

Review of Effectiveness

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

- the work of the Staffordshire County Council Internal Audit Department;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Alleyne's Academy

Governance Statement (continued)

Approved by order of the members of the Governing Body on 27 November 2018 and signed on its behalf by:



W. Lockwood
Chair



K. Lockett
Headteacher and Accounting Officer

Alleyne's Academy

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Alleyne's Academy, I have considered my responsibility to notify the Academy Governing Body and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Governing Body are able to identify any material irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2017.

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 ESFA.



K. Lockett
Headteacher
Accounting Officer

27 November 2018

Statement of Governors' Responsibilities

The Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report (including the Strategic Report and the Governors Report) and the financial statements in accordance with 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, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. 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 2017 to 2018;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

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

In so far as the Governors are aware:

- there is no relevant audit information of which the charitable company'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.

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

Approved by order of the members of the Governing Body on 27 November 2018 and signed on its behalf by:



W. P. Lockwood
Chair

Independent Auditor's Report to the Members of Alleyne's Academy

We have audited the financial statements of Alleyne's Academy for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Academy trust's affairs as at 31 August 2018, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Governors are responsible for the other information. The other information comprises the information included in the Governors Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work

Independent Auditor's Report to the Members of Alleyne's Academy (continued)

we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Governors' Report (incorporating the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

Responsibilities of Governors

As explained more fully in the Statement of Governors' Responsibilities set out on page 13, the Governors (who are also the directors of the Academy trust for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the Academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the Academy trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report to the Members of Alleyne's Academy (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the academy trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Governors.
- Conclude on the appropriateness of the Governors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the academy trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust'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 Academy trust and the Academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.



Peter J Plant FCA (Senior Statutory Auditor)
For and on behalf of Plant & Co Limited, Chartered Accountants and Statutory Auditor
17 Lichfield Street
Stone
Staffordshire
ST15 8NA

Date: 27 November 2018

Independent Reporting Accountant's Assurance Report on Regularity to Alleyne's Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 1 October 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies: Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Alleyne's Academy during the period 1 September 2017 to 31 August 2018 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 Alleyne's Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Alleyne's Academy and the ESFA 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 Alleyne's Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Alleyne's Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Alleyne's Academy's funding agreement with the Secretary of State for Education dated 29 July 2011 and the Academies Financial Handbook, extant from 1 September 2017, 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

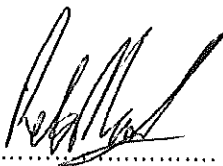
The work undertaken to draw our conclusions includes:

- scrutinising ledgers and supporting evidence regarding the use of restricted funds;
- checking opening and closing fund reconciliations;
- reviewing the financial management information prepared by the finance committee and the minutes of the meeting of Governors; and
- undertaking assurance based testing as additional procedures in each area of our audit work, focusing on both the use of funds and the understanding by the accounting officer and Governors of their respective responsibilities, in particular how the systems in place assisted them in fulfilling those responsibilities.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Independent Reporting Accountant's Assurance Report on Regularity to Alleyne's Academy Trust and the Education and Skills Funding Agency (continued)



.....
Mr P J Plant FCA
Reporting Accountant

Plant & Co Limited
Chartered Accountants and Registered Auditors
17 Lichfield Street
Stone
Staffordshire
ST15 8NA

Date: 27/11/2018

Statement of Financial Activities for the year ended 31 August 2018
(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Endowment Funds £000	Total 2018 £000	Total 2017 £000
Income and endowments from:							
Donations and capital grants	2	17	14	29	-	60	25
Charitable activities:							
Funding for the academy trust's educational operations	5	-	3,714	-	-	3,714	3,889
Provision of boarding activities	28	-	-	-	-	-	-
Other trading activities	3	20	127	-	-	147	158
Investments	4	2	-	-	1	3	6
Total		39	3,855	29	1	3,924	4,078
Expenditure on:							
Raising funds		-	-	-	-	-	-
Charitable activities:							
Academy trust's educational operations	7,8	9	4,130	220	-	4,359	4,441
Provision of boarding activities	28	-	-	-	-	-	-
Other		-	-	-	-	-	-
Total	6	9	4,130	220	-	4,369	4,441
Net income / (expenditure)		30	(275)	(191)	1	(435)	(363)
Transfers between funds	15	(28)	21	7	-	-	-
Other recognised gains / (losses)							
Actuarial (losses)/gains on defined benefit pension schemes	15, 25	-	257	-	-	257	287
Net movement in funds		2	3	(184)	1	(178)	(76)
Reconciliation of funds:							
Total funds brought forward	15	427	(941)	7,853	47	7,386	7,462
Total funds carried forward	15	429	(938)	7,669	48	7,208	7,386

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses during the year.

Alleyne's Academy

Balance sheet as at 31 August 2018

	Notes	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Tangible assets	11		7,669		7,853
Current assets					
Stock		-		-	
Debtors	12	75		173	
Investments	29	48		47	
Cash at bank and in hand	22	941		1,072	
		<u>1,064</u>		<u>1,292</u>	
Liabilities					
Creditors: Amounts falling due within one year	13	<u>226</u>		<u>318</u>	
Net current assets			<u>838</u>		<u>974</u>
Total assets less current liabilities			<u>8,507</u>		<u>8,827</u>
Creditors: Amounts falling due after more than one year	14		16		20
			<u>8,491</u>		<u>8,807</u>
Net assets / (liabilities) excluding pension liability					
Defined benefit pension scheme liability	25		1,283		1,421
Net assets / (liabilities) including pension liability			<u>7,208</u>		<u>7,386</u>
Funds of the academy:					
Restricted funds					
Fixed asset fund	15	7,669		7,853	
General fund	15	345		480	
Pension reserve	15	<u>(1,283)</u>		<u>(1,421)</u>	
Total restricted funds			<u>6,731</u>		<u>6,912</u>
Endowment policy	15		48		47
Unrestricted income funds	15		429		427
Total funds			<u>7,208</u>		<u>7,386</u>

The financial statements on pages 1 to 41 were approved by the Governors', and authorised for issue on 27 November 2018 and are signed on their behalf by:

W. P. Lockwood

.....
W P Lockwood (Chair)
Governor
 Company Limited by Guarantee
 Registration Number 08611863

Alleyne's Academy

Statement of Cash Flows

Year Ended 31 August 2018

	Notes	2018 £000	2017 £000
Cash transferred on conversion	29	-	-
Cash flows from operating activities			
Net cash provided by / (used in) operating activities	19	(116)	(34)
Cash flows from investing activities	21	(3)	(27)
Cash flows from financing activities	20	(12)	(12)
Change in cash and cash equivalents in the reporting period	22	<u>(131)</u>	<u>(73)</u>
Cash and cash equivalents at 1 September 2017		1,072	1,145
Cash and cash equivalents at 31 August 2018	22	<u>941</u>	<u>1,072</u>

Notes to the Financial Statements for the Year Ended 31 August 2018

1 Statement of accounting policies

General Information

Alleyne's Academy is a company limited by guarantee incorporated in England. The address of the registered office is given in the Reference and Administrative Details given on page 2 of these financial statements. The nature of the academy trusts operations and principal activities are set out in the Governor' Report on page 6.

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Going Concern

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

Income

All incoming resources are recognised when the Academy has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of 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.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Capital grants are recognised when receivable and are 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.

- **Sponsorship Income**

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

- **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.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Statement of accounting policies (continued)

- **Other Income**

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

- **Donated goods, facilities and services**

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

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

Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Statement of accounting policies (continued)

Tangible Fixed Assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Long leasehold land	-	2% straight line
Long leasehold buildings	-	2% straight line
Fixtures, fittings and equipment	-	20% straight line
ICT equipment	-	33% straight line

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

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

Liabilities

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

Provisions

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

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

Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting Policies (continued)

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 13 and 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Stock

Where material, stock consists of purchased goods for resale. Where material, stocks are valued at the lower of cost and net realisable value. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed.

Taxation

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

Pensions Benefits

Retirement benefits to employees of the Academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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 25, 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 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 Academy at the discretion of the Governors.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and includes grants from the Education and Skills Funding Agency/Department for Education.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The Governor's do not believe that there are any areas of judgement that are critical to the financial statements.

2 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Capital grants	-	29	29	19
Donated fixed assets	-	-	-	-
Other donations	17	14	31	6
	<u>17</u>	<u>43</u>	<u>60</u>	<u>25</u>

Income from donations and capital grants was £60,000 (2017 - £25,000) of which £17,000 (2017 - £2,000) was attributable to unrestricted funds, £14,000 (2017 - £4,000) was attributable to restricted general funds and £29,000 (2017 - £19,000) was attributable to restricted fixed asset funds.

Contingencies and unfulfilled conditions attaching to Government grants are detailed in note 15, where appropriate.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

3 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Hire of facilities	15	102	117	103
Provision of educational services	5	11	16	16
Trading income	-	14	14	39
	<u>20</u>	<u>127</u>	<u>147</u>	<u>158</u>

Income from other trading activities was £147,000 (2017 - £158,000) of which £20,000 (2017 - £21,000) was attributable to unrestricted funds, £127,000 (2017 - £137,000) was attributable to restricted general funds and £nil (2017 - £nil) was attributable to restricted fixed asset funds.

4 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Short term deposits	<u>2</u>	<u>1</u>	<u>3</u>	<u>6</u>
	<u>2</u>	<u>1</u>	<u>3</u>	<u>6</u>

Investment income was £3,000 (2017 - £6,000) of which £2,000 (2017 - £3,000) was attributable to unrestricted funds, £1,000 (2017 - £3,000) was attributable to restricted general funds and £nil (2017 - £nil) was attributable to restricted fixed asset funds.

5 Funding for Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
DfE/ESFA revenue grants				
General Annual Grant (GAG)	-	2,719	2,719	2,732
Start-up grants	-	-	-	-
Other DfE/ESFA grants	-	785	785	929
	<u>-</u>	<u>3,504</u>	<u>3,504</u>	<u>3,661</u>
Other Government grants				
Local authority grants	-	210	210	228
Special educational projects	-	-	-	-
	<u>-</u>	<u>210</u>	<u>210</u>	<u>228</u>
 Other Income from the Academy trust's educational operations				
	<u>-</u>	<u>3,714</u>	<u>3,714</u>	<u>3,889</u>

Funding for Academy trust's educational operations was £3.714m (2017 - £3.889m) of which £nil (2017 - £nil) was attributable to unrestricted funds, £3.714m (2017 - £3.889m) was attributable to restricted general funds and £nil (2017 - £nil) was attributable to restricted fixed asset funds.

Contingencies and unfulfilled conditions attaching to government grants are detailed in note 15, where appropriate.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

6 Expenditure

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	Total 2018 £000	Total 2017 £000
Expenditure on raising funds	-	-	-	-	-
Academy's educational operations					
Direct costs	2,910	220	339	3,469	3,435
Allocated support costs	396	324	170	890	1,006
	<u>3,306</u>	<u>544</u>	<u>509</u>	<u>4,359</u>	<u>4,441</u>

£9,000 (2017 - £8,000) of the above expenditure on the Academy trust's educational operations was attributable to unrestricted funds, £4.130m (2017 - £4.201m) was attributable to restricted general funds and £220,000 (2017 - £232,000) was attributable to restricted fixed asset funds.

	2018 £000	2017 £000
Net Income/(expenditure) for the year includes:		
Operating lease rentals	31	36
Depreciation	220	231
(Gain)/Loss on disposal of fixed asset		-
Fees payable to auditor for:		
Audit	5	5
Other services	-	-
	<u>256</u>	<u>272</u>

Included within resources expended are the following transactions.

	Total £	Individual Items above £5,000 Amount £	Reason
Ex-gratia payments	-	-	n/a
Compensation payments	-	-	n/a
Gifts made by the trust	-	-	n/a
Fixed asset losses	-	-	n/a
Stock losses	-	-	n/a
Unrecoverable debts	-	-	n/a
Cash losses	-	-	n/a

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

7 Charitable Activities

	Total 2018 £000	Total 2017 £000
<i>Direct costs – educational operations</i>	3,469	3,435
<i>Support costs – educational operations</i>	890	1,006
	<u>4,359</u>	<u>4,441</u>

Analysis of support costs

	Total 2018 £000	Total 2017 £000
Support staff costs	396	396
Technology costs	39	126
Premises costs	324	352
Other support costs	121	119
Governance costs	10	13
Total support costs	<u>890</u>	<u>1,006</u>

8 Staff

(a) Staff costs

	2018 £000	2017 £000
Staff costs during the period were:		
Wages and salaries	2,176	2,177
Social security costs	215	206
Operating costs of defined benefit pension schemes	480	477
	<u>2,871</u>	<u>2,860</u>
Supply staff costs	39	71
Staff restructuring costs	-	-
	<u>2,910</u>	<u>2,931</u>

(b) Staff severance payments

No severance payments were made during the year (2017: £nil).

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

(c) Staff numbers

The average number of persons (including senior management team) employed by the Academy during the year, and the full time equivalents, was as follows:

	2018 Number	2018 Full-time equivalent	2017 Number	2017 Full-time equivalent
Charitable Activities				
Teachers	48	45	56	55
Administration and support	39	25	39	27
Management	5	5	6	6
	<u>92</u>	<u>75</u>	<u>101</u>	<u>88</u>

(d) Higher paid staff

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

	2018 No.	2017 No.
£60,001 - £70,000	-	-
£70,001 - £80,000	-	-
£80,001 - £90,000	-	-
£90,001 - £95,000	1	1
	<u>1</u>	<u>1</u>

(e) Key management personnel

The key management personnel of the Academy trust comprise the trustees and the senior leadership team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy trust was £408,000 (2017: £491,000).

9 Related Party Transactions – Governors' Remuneration and Expenses

The Headteacher and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Governors. Other Governors did not receive any payments from the Academy trust in respect of their role as Governors. The value of the Governors remuneration was as follows:

K Lockett (principal and trustee):	
Remuneration	£90,000 - £95,000 (2017: £85,000 - £90,000)
Employers' pension contributions	£15,000 - £16,000 (2017: £15,000 - £16,000)
J Atkinson (staff trustee):	
Remuneration	£50,000 - £55,000 (2017: £50,000 - £55,000)
Employers' pension contributions	£10,000 - £15,000 (2017: £10,000 - £15,000)

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

9 Related Party Transactions – Governors' Remuneration and Expenses (continued)

K Hewson (staff trustee):

Remuneration	£50,000 - £55,000 (2017: £50,000 - £55,000)
Employers' pension contributions	£5,000 - £10,000 (2017: £5,000 - £10,000)

M Justice (staff trustee):

Remuneration	£50,000 - £55,000 (2017: £45,000 - £50,000)
Employers' pension contributions	£5,000 - £10,000 (2017: £5,000 - £10,000)

T Smith (staff trustee appointed 01.09.16):

Remuneration	£35,000 - £40,000 (2017: £35,000 - £40,000)
Employers' pension contributions	£5,000 - £10,000 (2017: £5,000 - £10,000)

During the year ended 31 August 2018, travel and subsistence expenses totalling £Nil (2017 - £Nil) were reimbursed or paid directly to Governors'.

Other related party transactions involving the Governors' are set out in note 26.

10 Governors' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors' and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5m on any one claim and the cost for the year ended 31 August 2018 was £500 (2017: £500). The cost of this insurance is included in the total insurance cost.

11 Tangible Fixed Assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
Cost						
At 1 September 2017	-	8,407	103	1,263	-	9,773
Transfer on conversion	-	-	-	-	-	-
Additions	-	23	12	-	-	35
Disposals	-	-	-	-	-	-
At 31 August 2018	-	8,430	115	1,263	-	9,808
Depreciation						
At 1 September 2017	-	616	79	1,224	-	1,919
Charged in year	-	169	22	29	-	220
Disposals	-	-	-	-	-	-
At 31 August 2018	-	785	101	1,253	-	2,139
Net book values						
At 31 August 2018	-	7,645	14	10	-	7,669
At 31 August 2017	-	7,791	23	39	-	7,853

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

12 Debtors

	2018 £000	2017 £000
Trade debtors	2	17
VAT recoverable	22	103
Other debtors	-	-
Prepayments and accrued income	51	53
	<u>75</u>	<u>173</u>

13 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	88	167
Taxation and social security	114	116
Other creditors	8	13
Accruals and deferred income	16	22
	<u>226</u>	<u>318</u>

Deferred Income

	2018 £000
Deferred Income at 1 September 2017	11
Resources deferred in the year	16
Amounts released from previous years	(11)
Deferred Income at 31 August 2018	<u>16</u>

At the balance sheet date the Academy trust was holding funds relating to the period from 1 September 2018 through to 31 March 2019, being a rates rebate.

Included within other creditors are loans of £5k from the ESFA and £3k from the Local Authority. The ESFA loan is Salix, concessionary loan that is provided interest free.

14 Creditors: amounts falling due after more than one year

	2018 £000	2017 £000
Other creditors	16	20
	<u>16</u>	<u>20</u>

Other creditors represents a Salix loan of £16k from the ESFA, which is provided interest free.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

15 Funds

	Balance at 1 September 2017 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General Annual Grant (GAG)	478	2,719	(2,875)	21	343
Start-up grant	-	-	-	-	-
Pupil premium	-	91	(91)	-	-
Other restricted funds	2	127	(127)	-	2
Pension reserve	(1,421)	-	(119)	257	(1,283)
Other grants	-	918	(918)	-	-
	(941)	3,855	(4,130)	278	(938)
Restricted fixed asset funds					
Transfer on conversion	7,437	-	(161)	-	7,276
DfE/ESFA capital grants	13	29	(3)	-	39
Capital expenditure from GAG	396	-	(55)	7	348
Private sector capital sponsorship	7	-	(1)	-	6
	7,853	29	(220)	7	7,669
Total restricted funds	6,912	3,884	(4,350)	285	6,731
Unrestricted funds					
Unrestricted funds	427	39	(9)	(28)	429
Total unrestricted funds	427	39	(9)	(28)	429
Endowment policy	47	1	-	-	48
Total funds	7,386	3,924	(4,359)	257	7,208

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

Closing Restricted General Funds were as follows:*General Annual Grant*

This represents accumulated GAG funds carried forward.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Other Restricted Funds

This represents restricted funds carried forward as follows:

- Restricted donations and other sundry £2,000

Closing Fixed Asset Funds were as follows:*Transfer on conversion*

This represents the fixed assets transferred on conversion, less the depreciation accounted for on those assets.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

Capital expenditure from GAG

Since the Academy was formed, certain amounts of capital expenditure have been financed out of GAG. This balance represents the amount of funding used in this manner, less the depreciation accounted for on those assets.

DfE/ESFA capital grants

Certain amounts of capital expenditure have been financed out of DfE/ESFA grants. This balance represents the amount of funding used in this manner, less the depreciation accounted for on those assets.

Private sector capital sponsorship

Certain amounts of capital expenditure have been financed out of private sector capital sponsorship. This balance represents the amount of funding used in this manner, less the depreciation accounted for on those assets.

Closing Unrestricted Funds were as follows:

Unrestricted Funds

This fund represents the accumulation of unrestricted funds generated from activities, as follows:

- LA balances on conversion £277,000
- Lettings £37,000
- Sports Centre £(5,000)
- Teacher Release £14,000
- School Fund £67,000
- Donations £9,000
- Investment Management £8,000
- Associate Teachers £22,000

Endowment Policy

This policy was introduced upon conversion. The value of the fund grew by £1k during the year.

16 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	7,669	7,669
Current assets	429	587	-	1,016
Current liabilities	-	(226)	-	(226)
Non-current liabilities	-	(16)	-	(16)
Pension scheme liability	-	(1,283)	-	(1,283)
Investments	-	48	-	48
Total net assets	429	(890)	7,669	7,208

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

17 Capital commitments

	2018 £000	2017 £000
Contracted for, but not provided in the financial statements	-	-

18 Commitments under operating leases

Operating leases

At 31 August 2018 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2018 £000	2017 £000
Amounts due within one year	20	26
Amounts due between one and five years	42	4
Amounts due after five years	-	-
	<u>62</u>	<u>30</u>

19 Reconciliation of net income / (expenditure) to net cash inflow from operating activities

	2018 £000	2017 £000
Net income / (expenditure) for the reporting period (as per the Statement of Financial Activities)	(435)	(363)
Adjusted for :		
Depreciation (note 11)	220	232
Capital grants from DfE/ESFA and other capital income	(29)	(19)
Interest receivable (note 4)	(2)	(3)
Previous period adjustments	-	-
Defined benefit pension scheme cost less contributions payable (note 25)	82	73
Defined benefit pension scheme finance cost (note 25)	37	35
Endowment policy	(1)	(3)
(Increase)/decrease in debtors	98	(62)
Increase/(decrease) in creditors	(86)	76
Net cash provided by (used in) operating activities	<u>(116)</u>	<u>(34)</u>

20 Cash flows from financing activities

	2018 £000	2017 £000
Repayments of borrowing	(12)	(12)
Cash inflows from borrowing	-	-
Net cash provided by / (used in) financing activities	<u>(12)</u>	<u>(12)</u>

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

21 Cash flows from investing activities

	2018 £000	2017 £000
Purchase of tangible fixed assets	(35)	(49)
Capital grants from DfE/ESFA	29	19
Capital funding received from sponsors and others	-	-
Receipts from sale of tangible fixed assets	-	-
Interest receivable (note 4)	3	3
Net cash provided by / (used in) Investing activities	(3)	(27)

22 Analysis of cash and cash equivalents

	2018 £000	2017 £000
Cash in hand and at bank	941	1,072
Total cash and cash equivalents	941	1,072

23 Contingent Liabilities

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

24 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.

25 Pension and similar obligations

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

The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £53,342 (2017: £53,906) were payable to the schemes at 31 August 2018 and are included within creditors.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

25 Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge);
- 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; and
- 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%.

The TPS valuation for 2012 determined an employer rate of 16.4% from September 2017, which will be payable during the implementation period until the next valuation as at March 2018, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £329,983 (2017: £330,427).

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.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

25 Pension and similar obligations (continued)

Local Government Pension Scheme

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 2018 was £125k, of which employer's contributions totalled £98k and employees' contributions totalled £27k. The agreed contribution rates for future years are 24.5% for employers and 5.5%-12% for employees.

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

Principal Actuarial Assumptions

	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	2.8%	2.8%
Rate of increase for pensions in payment / inflation	2.4%	2.4%
Discount rate for scheme liabilities	2.8%	2.5%
Inflation assumption (CPI)	2.7%	2.7%
Commutation of pensions to lump sums	50%	50%

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	22.1	22.1
Females	24.4	24.4
<i>Retiring in 20 years</i>		
Males	24.1	24.1
Females	26.4	26.4

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equities	1,007	945
Bonds	273	149
Property	115	100
Cash	43	50
Total market value of assets	1,438	1,244

The actual return on scheme assets was £55,000 (2017: £65,000).

Amounts recognised in the statement of financial activities

	2018 £000	2017 £000
Current service cost (net of employee contributions)	(180)	(162)
Net interest cost	(37)	(35)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	(217)	(197)

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

	2018 £000	2017 £000
At 1 September	2,665	2,660
Current service cost	180	162
Interest cost	69	58
Employee contributions	27	25
Actuarial (gain)/loss	(202)	(222)
Curtailments and settlements	-	-
Benefits paid	(18)	(18)
At 31 August	2,721	2,665

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2018 £000	2017 £000
At 1 September		
Expected return on assets	1,244	1,060
Actuarial gain/(loss)	32	23
Employer contributions	55	65
Employee contributions	98	89
Assets distributed on settlements	27	25
Transfer in of new members	-	-
Benefits paid	(18)	(18)
At 31 August	<u>1,438</u>	<u>1,244</u>

26 Related Party Transactions

Owing to the nature of the Academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest.

All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations, the Academies Financial Handbook and normal procurement procedures.

During the year the Academy purchased £69 (2017 - £Nil) of fuel for the school minibus at a service station owned by one of the governors, J Lockley. The fuel was purchased at the rate available to the general public at the time and is considered to be incidental to the use of the minibus due to the convenient location of the service station.

27 Events after the balance sheet date

There were no material events up to 27 November 2018 being the date of the approval of the financial statements by the Governors.

28 Academy boarding trading account for the year ended 31 August 2018

No boarding took place during the accounting period.

29 Investments

This is an Educational Endowment Policy that was transferred on conversion.