

**FAIRCHILDES ACADEMY COMMUNITY TRUST**

**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 AUGUST 2015**

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**FAIRCHILDES ACADEMY COMMUNITY TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND  
ADVISERS  
FOR THE PERIOD ENDED 31 AUGUST 2015**

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<b>Members</b>	Mrs L Cress, Chair of Fairchildes Primary School local governing body Mr P Gaye Mr P Andrews
<b>Trustees</b>	Mrs R Ellis, Chair Miss R Sandell, Executive Head Teacher Mr J Green Ms N Patel Mrs C J Warner Mr G Coy (resigned 8 December 2014) Mr S Bailey, Chair of Rowdown Primary School local governing body (appointed 8 December 2014)
<b>Company registered number</b>	08934482
<b>Principal and registered office</b>	Fairchildes Avenue New Addington Croydon Surrey CR0 0AH
<b>Company secretary</b>	Ms R Huque-Dowlet
<b>Chief executive officer</b>	Miss R Sandell
<b>Independent auditors</b>	Landau Baker Limited Chartered Accountants Statutory Auditors Mountcliff House 154 Brent Street London NW4 2DR
<b>Bankers</b>	Lloyds Bank 25 Gresham Street London EC2V 7HN
<b>Solicitors</b>	Winckworth Sherwood Minerva House 5 Montagu Close London SE1 9BB

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**TRUSTEES' REPORT**  
**FOR THE PERIOD ENDED 31 AUGUST 2015**

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The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 12 March 2014 to 31 August 2015. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust operates 2 primary academies in New Addington. Its academies have a combined pupil capacity of 944 and had a roll of 780 in the school census in May 2015.

**Structure, governance and management**

**a. CONSTITUTION**

The academy trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the academy trust. Some of the trustees of Fairchildes Academy Community Trust Limited are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Fairchildes Academy Community Trust. The Academy Trust was incorporated on 12 March 2014.

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

**b. 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.

**c. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES**

The Board of Trustees draws representation from the Fairchildes Academy Community Trust (FACT) Local Governing Bodies LGB's). Two LGB Chairs of Governors serve as Academy Directors. Both Chairs are elected, although their appointment requires ratification by the Board.

New directors will be appointed to the Board by the existing directors until the date of the next Annual General Meeting, at which time they are eligible for re-election for a further term.

Individual directors attend training courses organised by appropriate bodies in order to ensure their knowledge and understanding is fully up to date.

**d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

During the period under review, the Trustees held 4 Full Director meetings. In addition there were regular meetings of the sub-committees covering Finance, Teaching and Learning and Pupil Focus. The training and induction provided for new Trustees will depend on their existing experience. Where necessary an induction will provide training on charity and educational legal and financial matters. All new Trustees are given a tour of the Academy and the chance to meet with staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees of the Academy.

**e. ORGANISATIONAL STRUCTURE**

Fairchildes Academy Community Trust has established a management structure to enable its efficient running. The structure consists of two levels: the Trustees and the executives who are the senior leadership team.

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**TRUSTEES' REPORT (continued)**  
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The Board of Trustees has considered its role thoughtfully and decided that the role of the Trustees is to approve the strategic direction and objectives of the Academy and monitor its progress towards these objectives. Trustees are responsible for setting general policies, adopting an annual plan and budget, monitoring the Academy by use of budgets and making major decisions about the direction of the Academy, including capital expenditure and senior staff appointments.

The Board of Trustees has approved a scheme of delegation which sets out a statement on the system of internal control, responsibilities, standing orders, a scheme of delegation and terms of reference. The Head Teacher is directly responsible for the day to day running of the Academy and is assisted by a Senior Leadership Team.

The Academy has appointed a Responsible Officer (RO) who provides oversight of the operation of financial management arrangements. The RO undertakes checks to help ensure that the financial responsibilities of the board of Trustees are properly discharged.

**f. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

The composition of the Board of Trustees is drawn from local public and private sector organisations. It is therefore inevitable that transactions may take place with organisations in which a member of the board of Trustees may have an interest. All such transactions would be conducted at arm's length.

**g. RISK MANAGEMENT**

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Trustees have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Risks are scored and prioritised in terms of their potential operational or financial impact and assessed in terms of the likelihood of occurrence. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Academy has an effective system of internal financial controls.

**h. TRUSTEES' INDEMNITIES**

Subject to the provisions of the Companies Act 2006 s236, every Trustee or other officer of the Charitable Company shall be indemnified out of the assets of the Charitable Company against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Charitable Company.

**Objectives and Activities**

**a. OBJECTS AND AIMS**

The principal object and activity of the Academy is the operation of Fairchildes Academy Community Trust, to advance for the public benefit education in the United Kingdom, by establishing, maintaining, carrying on,

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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2015**

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managing and developing a school offering a broad and balanced curriculum.

**b. OBJECTIVES, STRATEGIES AND ACTIVITIES**

In accordance with the articles of association, the Academy has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting pupils to the Academy, the catchment area from which the pupils are drawn, and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the Academy during the period ended 31 August 2015 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce; and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

The Academy's vision is to create:

- a strong ethos of achievement leading to improved standards
- personal confidence
- appropriate thinking skills

This is achieved through developing:

- a sense of personal identity
- a sense of belonging to an individual academy
- an emphasis on personal and community responsibility
- a positive learning climate in terms of the nature of courses offered and teaching styles utilised
- positive relationships with external partners

**c. PUBLIC BENEFIT**

In setting the objectives, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

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**Strategic Report**

**Achievements and performance**

**a. GOING CONCERN**

After making appropriate enquiries, the Board of trustees 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 Accounting Policies.

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**TRUSTEES' REPORT (continued)**  
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**b. REVIEW OF ACTIVITIES**

Over the past period, the two academies in the Trust have benefited from working collaboratively, particularly in respect of the priorities identified for Rowdown Primary. Closer links have been established between teaching colleagues, pastoral and Inclusion teams, in subject leadership and also in business contracts. Each academy has continued to improve its quality of provision.

As our sponsored academy, work at Rowdown has focussed on the following:

- Improving the quality of Teaching and Learning through focussed classroom support and shared CPD activities and planning access
- Developing leadership capacity. New subject leaders have been appointed to create a middle leadership structure, all are working closely with Fairchildes counterparts.
- Developing the curriculum in line with Fairchildes with focus on core subject lessons. Accuracy has been introduced along with setting in maths lessons from year 2 upwards. Joint training and CPD has taken place.
- Delivering quality interventions in reading and writing, led by teachers and trained Teaching Assistants.
- Upgrading of Rowdown's computer server, re-designing of the IT suites and purchase of new laptops and whiteboards. Staff have access to planning and curriculum rooms in both schools.
- Collaborative working and joint Inclusion team meetings to improve the quality of provision for SEN and EAL pupils.

**Fairchildes Primary School**

Attainment at EYFS 2015

The cohort was made up of 26 girls and 36 boys, 60 children from R1 and R2 and 2 children from the 360 Centre.

GLD	2015	2014
Fairchildes	67.7	61.3
Croydon LA	64.7	56.5
National	66.2	60.3

Children Exceeding GLD in Core Subjects

	No of chn	2015	No of chn	2014
Reading	15	24.2	8	13.0
Writing	7	11.3	5	8.0
Maths	7	11.3	4	6.4

Key Stage One - Teacher Assessment Results, 2015

Reading

	Level 3	Level 2a	Level 2b	Level 2c	Level 1	Below
Total = 93	33	27	15	11	7	0
%	35.5	29	16.1	11.8	7.5	0
Level 2+ = 92.5%			Level 2b+ = 80.6%			
National Levels: 2+ = 90%			2b+ = 82%	3 = 32%		

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**Writing**

	Level 3	Level 2a	Level 2b	Level 2c	Level 1	Below
<b>Total = 93</b>	17	30	27	10	7	2
<b>%</b>	18.3	32.3	29	10.8	7.5	2.2
<b>Level 2+ = 90.3%</b>						
<b>Level 2b+ = 79.6%</b>						
<b>National Levels: 2+ = 88%    2b+ = 72%    3 = 18%</b>						

**Maths**

	Level 3	Level 2a	Level 2b	Level 2c	Level 1	Below
<b>Total = 93</b>	24	35	20	9	5	0
<b>%</b>	25.8	37.6	21.5	9.7	5.4	0
<b>Level 2+ = 94.6%</b>						
<b>Level 2b+ = 85%</b>						
<b>National Levels: 2+ = 93%    2b+ = 82%    3 = 26%</b>						

**Key Stage 2 SATs results and Teacher Assessment results for 2015**

**59 Pupils: 24 boys (42%) 35 girls (58%)**

**Reading SATs results**

	Level 6	Level 5	Level 4	Level 3	Below	Absent
<b>Total = 59</b>	0	38	17	5	0	0
<b>%</b>	0	63.3	28.3	8.3	0	0
<b>Level 4+ = 91.67%</b>						
<b>National levels: 4+ = 89%    5+ = 48%    6 = 0</b>						

**Grammar, Punctuation and Spelling SATs results**

	Level 6	Level 5	Level 4	Level 3	Below	Absent
<b>Total = 59</b>	9	34	11	6	0	0
<b>%</b>	15	56.7	18.3	10	0	0
<b>Level 4+ = 90%</b>						
<b>National levels: 4+ = 80%    5+ = 56%    6 = 4%</b>						

**Writing Teacher Assessment**

	Level 6	Level 5	Level 4	Level 3	Below
<b>Total = 59</b>	3	30	23	5	0
<b>%</b>	5	50	38.3	6.7	0
<b>Level 4+ = 93.3%</b>					
<b>National levels: 4+ = 87%    5+ = 36%    6 = 2%</b>					

**Maths SATs results**

	Level 6	Level 5	Level 4	Level 3	Below	Absent
<b>Total = 59</b>	11	18	31	0	0	0
<b>%</b>	18.3	30	51.7	0	0	0
<b>Level 4+ = 100%</b>						
<b>National levels: 4+ = 89%    5+ = 46%    6 = 9%</b>						



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Reading, Writing and Maths combined

<b>Reading, Writing &amp; Maths level 4+</b>		
<b>Total - 59</b>	51 chd	85%
<b>Croydon/National</b>		77%/80%
<b>Reading, Writing &amp; Maths level 5+</b>		
<b>Total</b>	22 chd	36.7%
<b>Croydon/National</b>		22%/24%

Progress of 2 levels or more

	<b>Reading</b>	<b>Writing</b>	<b>Maths</b>
<b>School %</b>	<b>96.61</b>	<b>100</b>	<b>94.92</b>
<b>Croydon %</b>	90	93	87
<b>National %</b>	91	94	90

Progress of 3 levels or more

	<b>Reading</b>	<b>Writing</b>	<b>Maths</b>
<b>School %</b>	47.46	77.97	62.71

An increased number of children achieved a good level of development at the end of Reception. Compared to last year, percentages at 2+ have increased in all subjects, at 2b they have increased in writing and maths and percentages at Level 3 have increased in reading and writing.

These figures represent the school's best ever writing attainment following carefully monitored new interventions to support pupils at all abilities. All previous reading interventions were continued.

In year 6 the same pattern exists in reading, GPS, writing and reading/writing/maths combined whereby percentages at level 4+ are down but are up at level 5. In maths the percentage for level 4+ is 100% for the second year running.

### **Rowdown Primary School**

EYFS -Good level of development - Children achieving a good level of development are those achieving at least the expected level within the following areas of learning: communication and language; physical development; and personal, social and emotional development; literacy; and mathematics.

**62% have made a good level of development.**

**98% of children have made progress in reading; 98% of children have made progress in writing and 100% of children have made progress in maths since baseline.**

<b>GLD</b>	<b>2015</b>	<b>2014</b>
Rowdown	62	57
Croydon LA	64.7	56.5
National	66.2	60.3

64% of girls achieved a good level of development. The proportion of boys achieving a good level of development was 62%. The girls figure is slightly under national (69%) and the boy's figure is significantly above

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**TRUSTEES' REPORT (continued)**  
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national (52%).

	Numbers	Percentage		Numbers	Percentage
Girls achieving a good level of development	14	64%	Boys achieving a good level of development	16	62%
Girls not achieving a good level of development	8	36%	Boys not achieving a good level of development	10	38%

Key Stage 1 SATs Teacher Assessment results for 2015

Reading

	Level 3	Level 2a	Level 2b	Level 2c	Level 1	Below
<b>Total = 48</b>	10	10	8	6	6	0
<b>%</b>	25	25	20	15	15	0
	<b>Level 2+ = 85%</b>		<b>Level 2b+ = 70%</b>		<b>Level 3 = 35%</b>	
	<b>National levels: 2+ = 90%</b>		<b>2b+ = 82%</b>		<b>3 = 32%</b>	

Writing

	Level 3	Level 2a	Level 2b	Level 2c	Level 1	Below
<b>Total = 48</b>	0	10	15	9	6	0
<b>%</b>	0	25	37.5	22.5	15	0
	<b>Level 2+ = 85%</b>		<b>Level 2b+ = 62.5%</b>			
	<b>National levels: 2+ = 88%</b>		<b>2b+ = 72%</b>		<b>3 = 18%</b>	

Maths

	Level 3	Level 2a	Level 2b	Level 2c	Level 1	Below
<b>Total = 48</b>	6	11	11	11	1	0
<b>%</b>	15	27.5	27.5	27.5	2.5	0
	<b>Level 2+ = %</b>		<b>Level 2b+ = %</b>			
	<b>National levels: 2+ = 93%</b>		<b>2b+ = 82%</b>		<b>3 = 26%</b>	

Key Stage 2 SATs results for 2015

48 pupils: 22 boys (46%) 26 girls (54%)

Reading SATs results

	Level 6	Level 5	Level 4	Level 3	Below	Absent
<b>Total = 48</b>	0	13	24	7	4	0
<b>%</b>	0	27	50	15	8	0
	<b>Level 4+ = 77%</b>					
	<b>National levels: 4+ = 89%</b>		<b>5+ = 48%</b>	<b>6 = 0%</b>		

Grammar, Punctuation and Spelling SATs results

	Level 6	Level 5	Level 4	Level 3	Below	Absent
<b>Total = 48</b>	0	19	19	8	2	0
<b>%</b>	0	39.5	39.5	17	4	0
	<b>Level 4+ = 79%</b>					
	<b>National levels: 4+ = 80%</b>		<b>5+ = 56%</b>	<b>6 = 4%</b>		

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**TRUSTEES' REPORT (continued)**  
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Writing Teacher Assessment

	Level 6	Level 5	Level 4	Level 3	Below
<b>Total = 48</b>	0	7	30	8	3
<b>%</b>	0	15	62	18	6
<b>Level 4+ = 77%</b>					
<b>National levels: 4+ = 87%      5+ = 36%      6 = 2%</b>					

Maths SATs results

	Level 6	Level 5	Level 4	Level 3	Below	Absent
<b>Total = 48</b>	5	9	26	5	3	0
<b>%</b>	10	19	54	10	7	0
<b>Level 4+ = 83%</b>						
<b>National levels: 4+ = 89%      5+ = 46%      6 = 9%</b>						

Reading, Writing and Maths combined

<b>Reading, Writing &amp; Maths level 4+</b>		
<b>Total -</b>	34 chd	71%
<b>Croydon/National</b>		77%/80%
<b>Reading, Writing &amp; Maths level 5+</b>		
<b>Total -</b>	4 chd	8%
<b>Croydon/National</b>		22%/24%

Progress of 2 levels or more

	Reading	Writing	Maths
<b>School %</b>	93	98	89
<b>Croydon %</b>	90	93	87
<b>National %</b>	91	94	90

Progress of 3 levels or more

	Reading	Writing	Maths
<b>School %</b>	40	40	50

An increased number of children achieved a good level of development at the end of Reception. In KS1 the attainment was the highest for many years in all subjects, though still below national figures. The level 3 figures represent the first attainment at this level for over 5 years. The new curriculum has clearly impacted on progress within this key stage.

At KS2 significant improvements have been made in EGPS and also writing (though the latter is still below national levels.) There is still a significant gap in writing at levels 4C+ and 5 but the curriculum changes introduced last year are impacting (the EGPS results demonstrate the impact of Accuracy lessons, which also benefit writing) along with the various focussed interventions. Reading was disappointingly down on last year's attainment and maths was similar to 2014.

Progress levels were good across all subjects, but starting points from KS1 attainment had been low.

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**TRUSTEES' REPORT (continued)**  
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**Financial review**

**a. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Academy is exposed to a number of financial risks including credit, cash flow and liquidity risks. Exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The Academy's system of internal controls ensures risk is minimal in these areas.

**b. RESERVES POLICY**

The Academy Trust's free reserves are total funds less the amount held in fixed assets and restricted funds. Reserves are therefore the resources the trust has or can make available to spend for its purposes once it has met its commitments. The level of reserves held take into account the nature of income and expenditure streams, they need to match them with commitments, including future capital projects, and the nature of reserves. The trusts review the reserves annually, but are mindful of budget forecast when discussing reserves.

**c. PRINCIPAL FUNDING**

Most of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. The Academy Trust also receives specific grants from Croydon Council. The grant relate to pupils with Special Educational need and pupils in Nursery and Children Centre. The Academy Trust has also generated income via extended services offering to pupils.

The Academy also received grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned. Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the Academy. It should be noted that this does not present the Academy with any current liquidity problem. The employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.

**Plans for future periods**

**a. FUTURE DEVELOPMENTS**

To increase the level of pupil support to address the growing numbers of EAL and SEN pupils. This will require recruiting additional skilled staff. We also would like to continue to improve the ICT suite and have more computer/ hardware available at Rowdown Primary for the computing curriculum and to bring in line with the ICT provision at Fairchildes. Further resources will be spent to develop the outdoor provision in the Early Years classes at both schools.

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**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

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**TRUSTEES' REPORT (continued)**  
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- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report, incorporating the Strategic Report, was approved by order of the board of trustees, as the company directors, on 8 December 2015 and signed on the board's behalf by:



**Mrs R Ellis**  
**Chair of Trustees**

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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

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

The board of trustees has delegated the day-to-day responsibility to the Executive Head Teacher, 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 Fairchildes Academy Community Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Trustees' Report and in the Trustees' Responsibilities Statement. The board of trustees has formally met 4 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs L Cress, Chair of Fairchildes Primary School local governing body	4	4
Mr P Gaye	0	4
Mrs R Ellis, Chair	4	4
Miss R Sandell, Executive Head Teacher	4	4
Mr J Green	3	4
Ms N Patel	2	4
Mrs C J Warner	3	4
Mr G Coy	1	1
Mr S Bailey, Chair of Rowdown Primary School local governing body	3	3

**Governance reviews:**

To review the effectiveness of the board the trustees are completing skills audit form which will identifies their strength and weaknesses. It has been decided that the trustees will be attending relevant courses and training to enhance their knowledge especially for the governance of a Multi academy Trust. There will be a full review in the next board meeting which will be held in January 2016.

The Audit Committee is also a sub-committee of the main board of trustees. Its purpose is to, through delegated authority, provide independent checking of the Academy's financial controls, systems transactions and risks. Their findings must be reported back to the whole board of Trustees. Issues dealt with during the period include a review of the reports from the Responsible Officer.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Mrs R Ellis	1	1
Ms N Patel	1	1
Mr J Green	1	1

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**GOVERNANCE STATEMENT (continued)**

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**REVIEW OF VALUE FOR MONEY**

As accounting officer, the Executive Head Teacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- exploring alternative purchasing options both on-line and direct through suppliers to find the best value
- working with another school in collaborative purchasing of products and services that are procured across both schools in order to drive down costs and/or negotiate favourable rates e.g. ICT support, HR, payroll etc.
- the Group Finance and Business Manager has been influential in driving down costs through better procurement and negotiation including catering, property management, school insurances etc.
- all contracts are in the process of being reviewed to ensure they offer best value for money.

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Fairchildes Academy Community Trust for the period 12 March 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The board of trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the period 12 March 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

**THE RISK AND CONTROL FRAMEWORK**

The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Board of Trustees 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.

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**FAIRCHILDES ACADEMY COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**GOVERNANCE STATEMENT (continued)**

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The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed School Management Support, a bought in internal audit service, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included:

- payroll
- purchasing
- income
- control account and bank reconciliations

On a quarterly basis, the auditors report to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The reports from School Management Support have indicated no material control weaknesses throughout the period.

**REVIEW OF EFFECTIVENESS**

As accounting officer, the Executive Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy 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 Audit Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 8 December 2015 and signed on its behalf, by:



**Mrs R Ellis**  
**Chair of Trustees**



**Miss R Sandell**  
**Accounting Officer**



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**FAIRCHILDES ACADEMY COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As accounting officer of Fairchildes Academy Community Trust I have considered my responsibility to notify the Academy board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2013).

I confirm that I and the Academy board of trustees 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 (2013).

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



**Miss R Sandell**  
**Accounting Officer**

**Date: 8 December 2015**

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**FAIRCHILDES ACADEMY COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**TRUSTEES' RESPONSIBILITIES STATEMENT**  
**FOR THE PERIOD ENDED 31 AUGUST 2015**

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 8 December 2015 and signed on its behalf by:



**Mrs R Ellis**  
**Chair of Trustees**

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**FAIRCHILDES ACADEMY COMMUNITY TRUST**  
(A Company Limited by Guarantee)

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIRCHILDES ACADEMY COMMUNITY TRUST**

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We have audited the financial statements of Fairchildes Academy Community Trust for the period ended 31 August 2015 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) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

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

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

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

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the period 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 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

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

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FAIRCHILDES ACADEMY COMMUNITY TRUST  
(A Company Limited by Guarantee)

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIRCHILDES ACADEMY COMMUNITY TRUST

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**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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

for Landau Baker Limited

Michael Durst (Senior Statutory Auditor)

for and on behalf of

**Landau Baker Limited**

Chartered Accountants  
Statutory Auditors

Mountcliff House  
154 Brent Street  
London  
NW4 2DR  
8 December 2015

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**FAIRCHILDES ACADEMY COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO  
FAIRCHILDES ACADEMY COMMUNITY TRUST AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 15 July 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Fairchildes Academy Community Trust during the period 12 March 2014 to 31 August 2015 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 Fairchildes Academy Community Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Fairchildes Academy Community Trust and 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 Fairchildes Academy Community Trust and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF FAIRCHILDES ACADEMY COMMUNITY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Fairchildes Academy Community Trust's funding agreement with the Secretary of State for Education dated 15 July 2014, and the Academies Financial Handbook extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. 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 12 March 2014 to 31 August 2015 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 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- review of management reporting documents.
- review of Trustees/Governors meeting minutes.
- confirming compliance with the Academy Trust's Scheme of Delegation.
- compliance with delegated authorities.
- consideration of whether any personal benefit has been derived from the Academy Trust's transactions by

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FAIRCHILDES ACADEMY COMMUNITY TRUST  
(A Company Limited by Guarantee)

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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO  
FAIRCHILDES ACADEMY COMMUNITY TRUST AND THE EDUCATION FUNDING AGENCY (continued)

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staff or related parties.  
• adherence to tendering policies.

**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 12 March 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Landau Baker Limited*

Reporting Accountant

**Landau Baker Limited**

Chartered Accountants  
Statutory Auditors

Mountcliff House  
154 Brent Street  
London  
NW4 2DR

8 December 2015

**FAIRCHILDES ACADEMY COMMUNITY TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)  
FOR THE PERIOD 12 MARCH 2014 TO 31 AUGUST 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds:					
Voluntary income	2	-	(1,439,988)	6,101,572	4,661,584
Investment income	3	978	-	-	978
Incoming resources from charitable activities	4	-	7,313,731	735,798	8,049,529
<b>TOTAL INCOMING RESOURCES</b>		<b>978</b>	<b>5,873,743</b>	<b>6,837,370</b>	<b>12,712,091</b>
<b>RESOURCES EXPENDED</b>					
Charitable activities		-	7,129,174	102,751	7,231,925
Governance costs	6	-	117,989	-	117,989
<b>TOTAL RESOURCES EXPENDED</b>	9	<b>-</b>	<b>7,247,163</b>	<b>102,751</b>	<b>7,349,914</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b>		<b>978</b>	<b>(1,373,420)</b>	<b>6,734,619</b>	<b>5,362,177</b>
Transfers between Funds	21	-	(84,262)	84,262	-
<b>NET INCOME FOR THE PERIOD</b>		<b>978</b>	<b>(1,457,682)</b>	<b>6,818,881</b>	<b>5,362,177</b>
Actuarial gains and losses on defined benefit pension schemes		-	(135,000)	-	(135,000)
<b>NET MOVEMENT IN FUNDS FOR THE PERIOD</b>		<b>978</b>	<b>(1,592,682)</b>	<b>6,818,881</b>	<b>5,227,177</b>
<i>Total funds at 12 March 2014</i>		<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>TOTAL FUNDS AT 31 AUGUST 2015</b>		<b>978</b>	<b>(1,592,682)</b>	<b>6,818,881</b>	<b>5,227,177</b>

All of the Academy's activities derive from acquisitions in the current financial period. The financial period covers the activities of the company from the date of incorporation, 12 March 2014 to 31 August 2015. Fairchilides Primary School commenced operations on 1 April 2014 and Rowdown Primary School commenced operations on 1 June 2014 and their respective figures are included from those dates.

The Statement of Financial Activities includes all gains and losses recognised in the period.

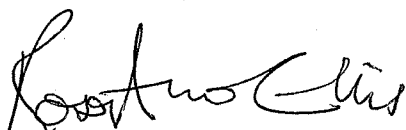
The notes on pages 24 to 44 form part of these financial statements.

**FAIRCHILDES ACADEMY COMMUNITY TRUST**  
(A Company Limited by Guarantee)  
REGISTERED NUMBER: 08934482

**BALANCE SHEET**  
**AS AT 31 AUGUST 2015**

	Note	£	2015 £
<b>FIXED ASSETS</b>			
Tangible assets	17		6,645,253
<b>CURRENT ASSETS</b>			
Stocks	18	7,420	
Debtors	19	209,317	
Cash at bank		730,582	
		<u>947,319</u>	
<b>CREDITORS:</b> amounts falling due within one year	20	(458,395)	
<b>NET CURRENT ASSETS</b>			<u>488,924</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>7,134,177</u>
Defined benefit pension scheme liability	28		(1,907,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u><u>5,227,177</u></u>
<b>FUNDS OF THE ACADEMY</b>			
Restricted funds:			
Restricted funds	21	314,318	
Restricted fixed asset funds	21	6,818,881	
Restricted funds excluding pension liability		7,133,199	
Pension reserve		(1,907,000)	
Total restricted funds			<u>5,226,199</u>
Unrestricted funds	21		<u>978</u>
<b>TOTAL FUNDS</b>			<u><u>5,227,177</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 8 December 2015 and are signed on their behalf, by:



**Mrs R Ellis**  
**Chair of Trustees**

The notes on pages 24 to 44 form part of these financial statements.



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**FAIRCHILDES ACADEMY COMMUNITY TRUST**  
(A Company Limited by Guarantee)

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**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 AUGUST 2015**

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	Note	Period ended 31 August 2015 £
Net cash flow from operating activities	23	451,226
Returns on investments and servicing of finance	24	978
Capital expenditure and financial investment	24	89,366
Cash transferred on conversion to an academy trust	26	189,012
<b>INCREASE IN CASH IN THE PERIOD</b>		<b>730,582</b>

All of the cash flows are derived from acquisitions in the current financial period.

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE PERIOD ENDED 31 AUGUST 2015**

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	Period ended 31 August 2015 £
Increase in cash in the period	730,582
<b>MOVEMENT IN NET FUNDS IN THE PERIOD</b>	<b>730,582</b>
<b>NET FUNDS AT 31 AUGUST 2015</b>	<b>730,582</b>

The notes on pages 24 to 44 form part of these financial statements.

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**FAIRCHILDES ACADEMY COMMUNITY TRUST**  
(A Company Limited by Guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2015**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

**1.2 Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

**1.3 Incoming resources**

All incoming resources are included in the Statement of Financial Activities when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. For legacies, entitlement is the earlier of the Academy being notified of an impending distribution or the legacy being received.

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted 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.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

The value of donated services and gifts in kind provided to the Academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy's policies.

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**FAIRCHILDES ACADEMY COMMUNITY TRUST**  
(A Company Limited by Guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2015**

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**1. ACCOUNTING POLICIES (continued)**

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

**1.4 Resources expended**

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities are costs incurred in the Academy's educational operations.

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

**1.5 Going concern**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £2,500 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are 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.

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 in the Statement of Financial Activities.

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**FAIRCHILDES ACADEMY COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2015**

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**1. ACCOUNTING POLICIES (continued)**

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful-lives on the following bases:

Long-term leasehold property	-	125 years
Leasehold improvements	-	10 - 50 years
Plant and machinery	-	10 years
Computer equipment	-	3 years

**1.7 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.8 Taxation**

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

**1.9 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 28, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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**FAIRCHILDES ACADEMY COMMUNITY TRUST**  
(A Company Limited by Guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2015**

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**1. ACCOUNTING POLICIES (continued)**

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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**1.10 Conversion to an academy trust**

The conversion from state maintained schools to an academy trust involved the transfer of identifiable assets and liabilities and the operations of the schools for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Fairchildes Primary School and Rowdown Primary School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Fairchildes Academy Community Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

The academy trust entered into 125 year leases with the London Borough of Croydon for the properties on which the academies carry on operations. The leases were professionally valued on behalf of the EFA on the dates of conversion and the assets have been brought to account by the academy trust at those valuations.

Further details of the transaction are set out in note 26.

**2. VOLUNTARY INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £
Assets gifted by predecessor schools	-	4,661,584	4,661,584

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**3. INVESTMENT INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £
Bank interest	978	-	978

**4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £
Educational operations	-	7,804,285	7,804,285
Other charitable activities	-	245,244	245,244
	-	8,049,529	8,049,529

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £
<b>DfE/EFA grants</b>			
GAG	-	5,193,940	5,193,940
Other EFA funding	-	1,622,766	1,622,766
LA and other government grants	-	987,579	987,579
	-	7,804,285	7,804,285

**5. EXPENDITURE BY CHARITABLE ACTIVITY**

**SUMMARY BY FUND TYPE**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £
Educational operations	-	7,231,925	7,231,925

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**5. EXPENDITURE BY CHARITABLE ACTIVITY (continued)**

**SUMMARY BY EXPENDITURE TYPE**

	Staff costs 2015 £	Depreciation 2015 £	Other costs 2015 £	Total 2015 £
Educational operations	<u>5,661,300</u>	<u>102,751</u>	<u>1,467,874</u>	<u>7,231,925</u>

**6. GOVERNANCE COSTS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £
Governance Internal audit costs	-	1,100	1,100
Auditors' remuneration	-	8,000	8,000
Auditors' non audit costs	-	5,200	5,200
Governor clerking and training	-	7,394	7,394
Payroll and HR services	-	36,063	36,063
Finance support services	-	10,213	10,213
Legal expenses	-	1,577	1,577
Start up costs	-	48,442	48,442
	<u>-</u>	<u>117,989</u>	<u>117,989</u>

**7. DIRECT COSTS**

	Educational operations £	Total 2015 £
Pension income	87,000	87,000
Educational non-ICT expenditure	285,270	285,270
Educational ICT expenditure	88,988	88,988
Staff development and training	26,682	26,682
Supply teaching costs	17,744	17,744
Educational consultancy	145,360	145,360
Other supplies and services	11,791	11,791
Insurance	24,457	24,457
Wages and salaries	3,913,337	3,913,337
National insurance	370,310	370,310
Pension cost	519,193	519,193
Depreciation	102,751	102,751
	<u>5,592,883</u>	<u>5,592,883</u>

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**8. SUPPORT COSTS**

	Educational operations £	Total 2015 £
Building maintenance	195,485	195,485
Maintenance of plant and equipment	30,644	30,644
Grounds maintenance	101,622	101,622
Energy costs	98,734	98,734
Rent and rates	15,063	15,063
Insurance	35,609	35,609
Other occupancy costs	56,535	56,535
Catering	192,250	192,250
Other support costs	54,640	54,640
Wages and salaries	644,415	644,415
National insurance	34,787	34,787
Pension cost	179,258	179,258
	<u>1,639,042</u>	<u>1,639,042</u>

**9. RESOURCES EXPENDED**

	Staff costs 2015 £	Non Pay Premises 2015 £	Expenditure Other costs 2015 £	Total 2015 £
Educational operations	4,820,585	102,751	669,547	5,592,883
Support costs - Educational operations	858,460	-	780,582	1,639,042
<b>Charitable activities</b>	<u>5,679,045</u>	<u>102,751</u>	<u>1,450,129</u>	<u>7,231,925</u>
<b>Governance</b>	-	-	117,989	117,989
	<u>5,679,045</u>	<u>102,751</u>	<u>1,568,118</u>	<u>7,349,914</u>

**10. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES**

	Activities undertaken directly 2015 £	Support costs 2015 £	Total 2015 £
Educational operations	<u>5,592,883</u>	<u>1,639,042</u>	<u>7,231,925</u>



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**FOR THE PERIOD ENDED 31 AUGUST 2015**

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**11. NET INCOMING / (OUTGOING) RESOURCES**

This is stated after charging:

	Period ended 31 August 2015 £
Depreciation of tangible fixed assets:	
- owned by the charity	102,751
Auditors' remuneration	8,000
Auditors' remuneration - non-audit	5,200
Governance Internal audit costs	1,100
Operating lease rentals:	
- other operating leases	19,916
	<u>19,916</u>

**12. STAFF**

**a. Staff costs**

Staff costs were as follows:

	Period ended 31 August 2015 £
Wages and salaries	4,557,752
Social security costs	405,098
Other pension costs (Note 28)	698,451
	<u>5,661,301</u>
Supply teacher costs	17,744
	<u>5,679,045</u>

**b. Staff numbers**

The average number of persons employed by the Academy during the period expressed as full time equivalents was as follows:

	Period ended 31 August 2015 No.
Teachers	43
Administration and support	72
Management	3
	<u>118</u>

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**12. STAFF (continued)**

**c. Higher paid staff**

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

	Period ended 31 August 2015 No.
In the band £60,001 - £70,000	6
In the band £70,001 - £80,000	1
In the band £80,001 - £90,000	1
In the band £90,001 - £100,000	1
In the band £100,001 - £200,000	1

Nine of the above staff participated in the Teachers' Pension Scheme and employer contributions amounting to £94,401 were paid by the academy in the period.

**13. CENTRAL SERVICES**

The Academy has provided the following central services to its academies during the year:

- Leadership and management support
- Finance management
- Audit and control services

The Academy charges for these services on the following basis:

The charge for central services is based on a percentage of the GAG income (excluding pre 16 high needs block funding) as follows:

Fairchildes Primary School: 6%

Rowdown Primary School: 4%

The actual amounts charged during the period were as follows:

	Period ended 31 August 2015 £
Fairchildes Primary School	129,520
Rowdown Primary School	60,990
Total	190,510

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**14. TRUSTEES' REMUNERATION AND EXPENSES**

During the period retirement benefits were accruing to 6 Trustees in respect of defined benefit pension schemes.

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

	Period ended 31 August 2015 £'000
Miss R Sandell - remuneration	110-115
Miss R Sandell - employer pension	15-20

During the period ended 31 August 2015, expenses totalling £72 were reimbursed to 1 Trustee.

**15. TRUSTEES' AND OFFICERS' INSURANCE**

In the current period, the academy joined the Risk Protection Arrangement. The cost of this insurance is £25 per pupil, which cannot be divided into cover sections. The cost of this insurance totalled to £8,565 and is included in the total insurance cost.

**16. OTHER FINANCE INCOME**

	Period ended 31 August 2015 £
Expected return on pension scheme assets	22,000
Interest on pension scheme liabilities	(109,000)
	<hr/> <b>(87,000)</b> <hr/>

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17. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Short-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £
<b>Cost</b>					
At 12 March 2014	-	-	-	-	-
Additions	-	595,740	11,840	-	38,852
On conversion to academy	5,951,000	-	120,572	20,000	10,000
At 31 August 2015	5,951,000	595,740	132,412	20,000	48,852
<b>Depreciation</b>					
At 12 March 2014	-	-	-	-	-
Charge for the period	71,428	-	15,063	4,047	12,213
At 31 August 2015	71,428	-	15,063	4,047	12,213
<b>Net book value</b>					
At 31 August 2015	5,879,572	595,740	117,349	15,953	36,639
					<b>Total £</b>
<b>Cost</b>					
At 12 March 2014					-
Additions					646,432
On conversion to academy					6,101,572
At 31 August 2015					6,748,004
<b>Depreciation</b>					
At 12 March 2014					-
Charge for the period					102,751
At 31 August 2015					102,751
<b>Net book value</b>					
At 31 August 2015					6,645,253

No depreciation has been provided on the leasehold improvements in the current period as the work was completed at the end of August 2015 and the assets brought into use on 1 September 2015.

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**18. STOCKS**

	2015 £
Educational supplies	7,420
	<u>7,420</u>

**19. DEBTORS**

	2015 £
Trade debtors	1,193
Prepayments and accrued income	58,724
Tax recoverable	55,382
Grants Receivable	94,018
	<u>209,317</u>

**20. CREDITORS**

**Amounts falling due within one year**

	2015 £
Trade creditors	237,192
Other taxation and social security	66,989
Accruals and deferred income	154,214
	<u>458,395</u>

**Deferred income**

Resources deferred during the year	£ 39,895
	<u>39,895</u>

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**21. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General Funds - all funds	-	978	-	-	-	978
<b>Restricted funds</b>						
Restricted Funds - all funds	-	7,502,743	(7,104,163)	(84,262)	-	314,318
Pension reserve	-	(1,629,000)	(143,000)	-	(135,000)	(1,907,000)
	-	5,873,743	(7,247,163)	(84,262)	(135,000)	(1,592,682)
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Funds - all funds	-	6,837,370	(102,751)	84,262	-	6,818,881
Total restricted funds	-	12,711,113	(7,349,914)	-	(135,000)	5,226,199
Total of funds	-	12,712,091	(7,349,914)	-	(135,000)	5,227,177

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

All funds originated from assets gifted by the predecessor school. In addition:

Restricted fixed asset funds have been increased by capital grants provided by the DfE and reduced by depreciation charges.

Restricted general funds have been increased by revenue grants provided by the DfE and reduced by expenditure incurred in the operation of the academy.

The restricted funds can only be used in terms of limitations imposed by the Funding Agreement with the DfE and the terms of any specific grant.

Unrestricted funds have been increased by voluntary contributions by parents and reduced by expenditure incurred in the operation of the academy.

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 2015.

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

**Analysis of academies by fund balance**

Fund balances at 31 August 2015 were allocated as follows:

Fairchildes Primary School	197,565
Rowdown Primary School	117,731
	<hr/>
Total before fixed asset fund and pension reserve	315,296
Restricted fixed asset fund	6,818,881
Pension reserve	(1,907,000)
	<hr/>
Total	5,227,177
	<hr/> <hr/>

**Analysis of academies by cost**

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
Fairchildes Primary School	3,243,384	580,929	400,567	723,045	4,947,925
Rowdown Primary School	1,559,456	277,531	260,716	262,526	2,360,229
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	4,802,840	858,460	661,283	985,571	7,308,154
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	978	-	-	-	978
Restricted funds	-	5,873,743	(7,247,163)	(84,262)	(135,000)	(1,592,682)
Restricted fixed asset funds	-	6,837,370	(102,751)	84,262	-	6,818,881
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	12,712,091	(7,349,914)	-	(135,000)	5,227,177
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2015	2015	2015	2015
	£	£	£	£
Tangible fixed assets	-	-	6,645,253	6,645,253
Current assets	(76,232)	849,923	173,628	947,319
Creditors due within one year	77,210	(535,605)	-	(458,395)
Provisions for liabilities and charges	-	(1,907,000)	-	(1,907,000)
	<u>978</u>	<u>(1,592,682)</u>	<u>6,818,881</u>	<u>5,227,177</u>

**23. NET CASH FLOW FROM OPERATING ACTIVITIES**

	Period ended 31 August 2015 £
Net incoming resources before revaluations	5,362,177
Returns on investments and servicing of finance	(978)
Assets gifted by predecessor schools	(4,661,584)
Depreciation of tangible fixed assets	102,751
Capital grants from DfE	(735,798)
Increase in stocks	(7,420)
Increase in debtors	(209,317)
Increase in creditors	458,395
FRS 17 adjustments	143,000
<b>Net cash inflow from operations</b>	<u><u>451,226</u></u>

**24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	Period ended 31 August 2015 £
Returns on investments and servicing of finance	
Interest received	<u><u>978</u></u>



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**24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)**

	Period ended 31 August 2015 £
<b>Capital expenditure and financial investment</b>	
Purchase of tangible fixed assets	(646,432)
Capital grants from DfE	735,798
<b>Net cash inflow capital expenditure</b>	<u>89,366</u>

**25. ANALYSIS OF CHANGES IN NET FUNDS**

	12 March 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	-	730,582	-	730,582
<b>Net funds</b>	<u>-</u>	<u>730,582</u>	<u>-</u>	<u>730,582</u>

**26. CONVERSION TO AN ACADEMY TRUST**

On 1 April 2014 Fairchildes Primary School converted to academy trust status under the Academies Act 2010, and all the operations and assets and liabilities were transferred to Fairchildes Academy Community Trust from London Borough of Croydon for £NIL consideration. On 1 June 2014 Rowdown Primary School converted to academy trust status on the same basis and from the same local authority.

The transfers have been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

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

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**26. CONVERSION TO AN ACADEMY TRUST (continued)**

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Leasehold land and buildings	-	-	5,951,000	5,951,000
Other tangible fixed assets	-	-	150,572	150,572
Budget surplus/(deficit) on LA funds	-	189,012	-	189,012
LGPS pension surplus/(deficit)	-	(1,629,000)	-	(1,629,000)
Net assets/(liabilities)	-	(1,439,988)	6,101,572	4,661,584

The above net assets include £189,012 that were transferred as cash.

The academy trust entered into 125 year leases with the London Borough of Croydon for the properties on which the academies carry on operations. The leases were professionally valued on behalf of the EFA on the dates of conversion and the assets have been brought to account by the academy trust at those valuations.

**27. CAPITAL COMMITMENTS**

At 31 August 2015 the Academy had capital commitments as follows:

	2015 £
Contracted for but not provided in these financial statements	190,000

**28. PENSION COMMITMENTS**

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. 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 period.

**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

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**28. PENSION COMMITMENTS (continued)**

2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

**Valuation of the Teachers' Pension Scheme**

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

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

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

The pension costs paid to TPS in the period amounted to £289,245.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2015 was £500,000, of which employer's contributions totalled £395,000 and employees' contributions totalled £105,000. The agreed contribution rates for future years are between 15.7% and 24.6% for employers and between 5.5% and 8.5% for employees.

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**28. PENSION COMMITMENTS (continued)**

The academy has made additional payments amounting to £132,041 to the LGPS during the period to reduce the deficit on this scheme. The academy has committed to making further additional payments of £98,860 for the 2015/16 period and £103,270 for the 2016/17 period to reduce the LGPS deficit.

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.

As described in note 26 the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

The amounts recognised in the Balance Sheet are as follows:

	Period ended 31 August 2015 £
Present value of funded obligations	(2,494,000)
Fair value of scheme assets	587,000
	<hr/>
Net liability	(1,907,000)
	<hr/>

The amounts recognised in the Statement of Financial Activities are as follows:

	Period ended 31 August 2015 £
Current service cost	(451,000)
Interest on obligation	(109,000)
Expected return on scheme assets	22,000
	<hr/>
Total	(538,000)
	<hr/>
Actual return on scheme assets	18,000
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**28. PENSION COMMITMENTS (continued)**

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

	Period ended 31 August 2015 £
Current service cost	451,000
Interest cost	109,000
Contributions by scheme participants	105,000
Actuarial Losses	131,000
Liabilities assumed on conversion to academy status	1,698,000
	<hr/>
Closing defined benefit obligation	2,494,000
	<hr/> <hr/>

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

	Period ended 31 August 2015 £
Expected return on assets	22,000
Actuarial gains and (losses)	(4,000)
Contributions by employer	395,000
Contributions by employees	105,000
Assets acquired on conversion to academy status	69,000
	<hr/>
	587,000
	<hr/> <hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £159,000.

The Academy expects to contribute £316,000 to its Defined Benefit Pension Scheme in 2016.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015
Equities	63.00 %
Bonds	22.00 %
Property	14.00 %
Cash	1.00 %

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2015
Discount rate for scheme liabilities	3.70 %
Expected return on scheme assets at 31 August	3.70 %
Rate of increase in salaries	3.50 %
Rate of increase for pensions in payment / inflation	2.60 %

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**28. PENSION COMMITMENTS (continued)**

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

	2015
Retiring today	
Males	22.3
Females	24.4
Retiring in 20 years	
Males	24.4
Females	26.7

Amounts for the current period are as follows:

Defined benefit pension schemes

	2015 £
Defined benefit obligation	(2,494,000)
Scheme assets	587,000
Deficit	(1,907,000)
Experience adjustments on scheme liabilities	(131,000)
Experience adjustments on scheme assets	(4,000)

**29. OPERATING LEASE COMMITMENTS**

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

	2015 £
Expiry date:	
Within 1 year	9,507
Between 2 and 5 years	9,462

**30. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy'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 a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

There were no related party transactions in the period of account.