

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

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

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<b>Members</b>	Mrs R Ellis Mrs L Cress Dr P Andrews
<b>Trustees</b>	Mrs R Ellis, Chair Miss R Sandell, Executive Head Teacher and Accounting Officer Mrs L Cress, Chair of Fairchildes Primary School local governing body (resigned 31 August 2016) Mr J Green Ms N Patel Mrs C J Warner (resigned 21 July 2016) Mr S Bailey, Chair of Rowdown Primary School local governing body Mrs K Conroy, Chair of Fairchildes Primary School local governing body (appointed 6 December 2016)
<b>Company registered number</b>	08934482
<b>Company name</b>	Fairchildes Academy Community Trust
<b>Principal and registered office</b>	Fairchildes Avenue New Addington Croydon Surrey CR0 0AH
<b>Company secretary</b>	Mrs R Huque-Dowlet
<b>Chief executive officer</b>	Miss R Sandell
<b>Senior management team</b>	Miss R Sandell, Executive Head Teacher Miss J Hussey, Head of School, Fairchildes Primary School Mrs L Shute, Head Teacher, Rowdown Primary School Mrs R Huque-Dowlet, MAT Finance and Business Manager
<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

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

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**Advisers (continued)**

**Solicitors**

Winckworth Sherwood  
Minerva House  
5 Montagu Close  
London  
SE1 9BB

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**FAIRCHILDES ACADEMY COMMUNITY TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period 1st September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates 2 primary academies in New Addington. Its academies have a combined pupil capacity of 944 and had a roll of 893 in the school census on 21 January 2016.

### **Structure, Governance and Management**

#### **Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of 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. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

#### **Members' Liability**

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

#### **Method of Recruitment and Appointment or Election of Trustees**

The Board of Directors draws representation from the FACT Local Governing Bodies. Two LGB Chairs of LGB 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.

#### **Policies and Procedures Adopted for the Induction and Training of Trustees**

During the period under review, the Trustees held 5 Full Director meetings. In addition there were regular meetings of the sub-committees covering Finance and audit, 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

#### **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. 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

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

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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.

The Executive Head teacher assumes the accounting officer role.

#### **Arrangement for setting pay and remuneration of key management personnel**

The key management personnel of Fairchildes Academy Community Trust are the executive Head teacher, MAT Finance and Business Manager, the head of school of Fairchildes Primary School and Head teacher of Rowdown Primary School. The executive head teacher and the finance & Business Manager are paid by the trust on behalf of its 2 academies from its central pot which is retained as a percentage of each academy's EFA annual funding.

#### **Connected Organisations, Including Related Party Transactions**

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.

#### **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.

#### **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.

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

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## **Objectives and Activities**

### **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, managing and developing a school offering a broad and balanced curriculum.

### **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 2016 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.
- to provide support building upon individual learning and/or areas of strength between schools to improve key aspects of performance.
- The trust will strengthen its accountability structure through a review of the effectiveness of leadership and management. It will achieve this through developing a more effective appraisal framework.

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

### **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.

**FAIRCHILDES ACADEMY COMMUNITY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**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.

**Attainment Data**

School Details			At Expected Standard				Working at a Greater Depth			
Academy	Date joined MAT	Type	Reading %	Writing %	Maths %	SPAG %	Reading %	Writing %	Maths %	SPAG %
Fairchildes Primary	April 2014	Converter	79	84	82	80	13	26	39	36
Rowdown Primary	April 2014	Sponsored	43	73	66	64	7	0	11	9
			Expected Standard in Reading, Writing and Maths %				Working at a Greater Depth in Reading, Writing and Maths %			
<b>Fairchildes Primary</b>			<b>64</b>				<b>10</b>			
<b>Rowdown Primary</b>			<b>43</b>				<b>0</b>			

**Progress Information**

<b>Fairchildes</b>	Progress score	% of pupils included in measure	National Percentile
Reading	1.2	98	Top 40%
Writing	2.8	98	Top 25%
Maths	4.1	98	Top 25%

<b>Rowdown</b>	Progress score	% of pupils included in measure	National Percentile
Reading	1.6	91	Top 40%
Writing	3.9	93	Top 25%
Maths	4.1	93	Top 25%

**Review of Activities**

Over the past year, 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.

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

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- 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.

### **Financial Review**

#### **Financial 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.

#### **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.

#### **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 2016 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, "Charities FRS102" (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned. 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.

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

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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:

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This report, incorporating the Strategic Report, was approved by order of the board of trustees, as the company directors, on 6 December 2016 and signed on the board's behalf by:

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

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**FAIRCHILDES ACADEMY COMMUNITY TRUST**  
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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 Statement of Trustees' Responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs R Ellis, Chair	4	5
Miss R Sandell, Executive Head Teacher and Accounting Officer	5	5
Mrs L Cress, Chair of Fairchildes Primary School local governing body	3	5
Mr J Green	4	5
Ms N Patel	2	5
Mrs C J Warner	2	4
Mr S Bailey, Chair of Rowdown Primary School local governing body	4	5

**Governance reviews**

To review the effectiveness of the board, the trustees are completing skills audit forms which will identify their strengths 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 at the next board in January 2017.

The Finance, Personnel and 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 year include a review of the reports from the Responsible Officer.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs R Ellis	2	2
Ms N Patel	2	2
Mr J Green	2	2

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**FAIRCHILDES ACADEMY COMMUNITY TRUST**  
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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 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 trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by:

- Deploying experienced staff effectively across both schools to ensure improvements in the curriculum are made and teaching staff are supported in improving educational standards. Expertise has been shared and teaching and support staff trained in best practice to help raise the attainments and progress in the schools
- Innovative staffing arrangement for example staff working across the 2 academies. The site manager and the cleaning supervisor, few TAs and SENCO work for both schools.
- All contracts are reviewed regularly to ensure they offer best value for money.
- This year photocopying rental contract were reviewed and has been successful to bring the cost down significantly by having a contract for only copying charge.
- Introduced cloud based telephone system to reduce repair cost.
- MAT Finance and Business Manager has been influential in driving down costs through better procurement
- Had very good professional advice in our bidding for CIF Funding. We have been successful with our bids.
- Bulk Purchase computers and laptops on discounted cost and sharing between the 2 academies.
- The Business Manager with the support of the ICT Technician has been influential in driving down licensing and hardware costs whilst significantly improving the network through better procurement and negotiation.

**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 year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The 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 year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of

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**FAIRCHILDES ACADEMY COMMUNITY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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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.

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, an independent financial consultancy, to perform additional checks.

The financial consultant's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the financial consultant reports 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 year 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 Finance, Personnel and 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 6 December 2016 and signed on their behalf, by:

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

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

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**FAIRCHILDES ACADEMY COMMUNITY TRUST**  
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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 trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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

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

Date: 6 December 2016

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**FAIRCHILDES ACADEMY COMMUNITY TRUST**  
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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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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 Strategic Report, the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the board of trustees on 6 December 2016 and signed on its behalf by:

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

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**FAIRCHILDES ACADEMY COMMUNITY TRUST**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS 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 year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

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

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

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**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 year for which the financial statements are prepared is consistent with the financial statements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

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  
6 December 2016

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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 2015 to 2016, 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 year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Fairchildes Academy Community Trust and the 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 the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Fairchildes Academy Community Trust and the 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 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**APPROACH**

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

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

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

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

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 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 year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

**Landau Baker Limited**

Chartered Accountants  
Statutory Auditors

Mountcliff House  
154 Brent Street  
London  
NW4 2DR

6 December 2016

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

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

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	<i>Total funds (as restated) 2015 £</i>
<b>INCOME FROM:</b>						
Donations and capital grants	2	-	-	239,745	239,745	5,397,382
Charitable activities	3	-	5,251,671	-	5,251,671	7,313,731
Investments	4	716	137,000	-	137,716	978
<b>TOTAL INCOME</b>		<u>716</u>	<u>5,388,671</u>	<u>239,745</u>	<u>5,629,132</u>	<u>12,712,091</u>
<b>EXPENDITURE ON:</b>						
Charitable activities		-	5,479,660	130,064	5,609,724	7,484,914
<b>TOTAL EXPENDITURE</b>	7	<u>-</u>	<u>5,479,660</u>	<u>130,064</u>	<u>5,609,724</u>	<u>7,484,914</u>
<b>NET INCOME / (EXPENDITURE) BEFORE EXCEPTIONAL ITEM</b>						
Pension exceptional item	31	716	(90,989)	109,681	19,408	5,227,177
		<u>-</u>	<u>(886,000)</u>	<u>-</u>	<u>(886,000)</u>	<u>-</u>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	21	716	(976,989)	109,681	(866,592)	5,227,177
		<u>-</u>	<u>(48,296)</u>	<u>48,296</u>	<u>-</u>	<u>-</u>
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		716	(1,025,285)	157,977	(866,592)	5,227,177
<b>NET MOVEMENT IN FUNDS</b>		716	(1,025,285)	157,977	(866,592)	5,227,177
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		979	(1,592,683)	6,818,881	5,227,177	-
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>1,695</u>	<u>(2,617,968)</u>	<u>6,976,858</u>	<u>4,360,585</u>	<u>5,227,177</u>

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

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

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Intangible assets	15		12,343		-
Tangible assets	16		6,908,962		6,645,253
			<u>6,921,305</u>		<u>6,645,253</u>
<b>CURRENT ASSETS</b>					
Stocks	17	5,994		7,420	
Debtors	18	205,267		209,317	
Cash at bank and in hand		686,816		730,582	
			<u>898,077</u>	<u>947,319</u>	
<b>CREDITORS:</b> amounts falling due within one year	19		<u>(679,822)</u>	<u>(458,395)</u>	
<b>NET CURRENT ASSETS</b>			<u>218,255</u>		<u>488,924</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>7,139,560</u>		<u>7,134,177</u>
<b>CREDITORS:</b> amounts falling due after more than one year	20		<u>(975)</u>		<u>-</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>7,138,585</u>		<u>7,134,177</u>
Defined benefit pension scheme liability	26		<u>(2,778,000)</u>		<u>(1,907,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>4,360,585</u>		<u>5,227,177</u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	21	160,032		314,317	
Restricted fixed asset funds	21	6,976,858		6,818,881	
			<u>7,136,890</u>	<u>7,133,198</u>	
Restricted income funds excluding pension liability			<u>7,136,890</u>	<u>7,133,198</u>	
Pension reserve			<u>(2,778,000)</u>	<u>(1,907,000)</u>	
Total restricted income funds			<u>4,358,890</u>		<u>5,226,198</u>
Unrestricted income funds	21		<u>1,695</u>		<u>979</u>
<b>TOTAL FUNDS</b>			<u>4,360,585</u>		<u>5,227,177</u>

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

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**BALANCE SHEET (continued)**  
**AS AT 31 AUGUST 2016**

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The financial statements were approved by the Trustees, and authorised for issue, on 6 December 2016 and are signed on their behalf, by:

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

The notes on pages 22 to 45 form part of these financial statements.

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

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

	Note	31 August 2016 £	<i>Period ended</i> 31 August 2015 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	23	<u>(16,236)</u>	<u>451,226</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		137,716	978
Purchase of tangible fixed assets		(406,116)	(646,432)
Capital grants from DfE/EFA		239,745	735,798
Cash transferred on conversion to academy status		-	189,012
<b>Net cash (used in)/provided by investing activities</b>		<u>(28,655)</u>	<u>279,356</u>
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		(75)	-
Cash inflows from new borrowing		1,200	-
<b>Net cash provided by financing activities</b>		<u>1,125</u>	<u>-</u>
<b>Change in cash and cash equivalents in the year</b>		<u>(43,766)</u>	<u>730,582</u>
Cash and cash equivalents brought forward		<u>730,582</u>	<u>-</u>
<b>Cash and cash equivalents carried forward</b>		<u><u>686,816</u></u>	<u><u>730,582</u></u>

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

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

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**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

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

Fairchildes Academy Community Trust constitutes a public benefit entity as defined by FRS 102.

**First time adoption of FRS 102**

These financial statements are the first financial statements of Fairchildes Academy Community Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Fairchildes Academy Community Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. [The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS']

Reconciliations to previous UK GAAP for the comparative figures are included in note 30.

**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 the Department for Education where the asset acquired or created is held for a specific purpose.

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

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

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

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

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

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

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

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

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

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

**1.4 Expenditure**

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

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

All resources expended are inclusive of irrecoverable VAT.

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

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

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**1. ACCOUNTING POLICIES (continued)**

**1.5 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 at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements..

**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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities Incorporating Income and Expenditure Account and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities Incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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 Incorporating Income and Expenditure Account.

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	125 years
Leasehold improvements	-	10 - 50 years
Plant and machinery	-	10 years
Fixtures and fittings	-	7 years
Computer equipment	-	3 years
Assets under construction	-	No depreciation until first brought into use

**1.7 Interest receivable**

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

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

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

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**1. ACCOUNTING POLICIES (continued)**

**1.8 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.

**1.9 Debtors**

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

**1.10 Cash at Bank and in hand**

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

**1.11 Liabilities and provisions**

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

**1.12 Financial instruments**

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

**1.13 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.

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

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

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**1. ACCOUNTING POLICIES (continued)**

**1.14 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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

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

**1. ACCOUNTING POLICIES (continued)**

**1.15 Critical accounting estimates and areas of judgement**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

During the period no estimates or judgements have been applied to the financial statements.

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

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	<i>Total funds (as restated) 2015 £</i>
Assets gifted by predecessor schools	-	-	-	-	4,661,584
Capital grants	-	-	239,745	239,745	735,798
	-----	-----	-----	-----	-----
Total donations and capital grants	-	-	239,745	239,745	5,397,382
	=====	=====	=====	=====	=====

In 2015, of the total income from donations and capital grants, £ NIL was to unrestricted funds and £5,397,382 was to restricted funds

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

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

**3. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	<i>Total funds (as restated) 2015 £</i>
Educational operations	-	5,034,578	5,034,578	7,068,487
Other charitable activities	-	217,093	217,093	245,244
	<u>-</u>	<u>5,251,671</u>	<u>5,251,671</u>	<u>7,313,731</u>

In 2015, of the total income from charitable activities, £ *NIL* was to unrestricted funds and £7,313,731 was to restricted funds.

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	<i>Total funds (as restated) 2015 £</i>
<b>DfE/EFA grants</b>				
GAG	-	3,782,095	3,782,095	5,193,940
Other EFA funding	-	622,478	622,478	886,968
LA and other government grants	-	630,005	630,005	987,579
	<u>-</u>	<u>5,034,578</u>	<u>5,034,578</u>	<u>7,068,487</u>

In 2015, of the total income from charitable activities, £ *NIL* was to unrestricted funds and £7,068,487 was to restricted funds.

**4. INVESTMENT INCOME**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	<i>Total funds (as restated) 2015 £</i>
Bank interest	716	-	716	978
Pension scheme return on assets	-	137,000	137,000	-
	<u>716</u>	<u>137,000</u>	<u>137,716</u>	<u>978</u>

In 2015, of the total investment income, £ 978 was to unrestricted funds and £ *NIL* was to restricted funds.

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

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

**5. DIRECT COSTS**

	Educational operations £	Total 2016 £	Total 2015 £
Educational non-ICT expenditure	250,934	250,934	285,270
Educational ICT expenditure	21,358	21,358	88,988
Staff development and training	35,059	35,059	26,682
Supply teaching costs	4,720	4,720	17,744
Educational consultancy	137,023	137,023	145,360
Other supplies and services	13,179	13,179	11,791
Insurance	9,859	9,859	24,457
Wages and salaries	3,049,650	3,049,650	3,913,337
National insurance	290,561	290,561	370,310
Pension cost	424,719	424,719	519,193
Depreciation	130,064	130,064	102,751
	<u>4,367,126</u>	<u>4,367,126</u>	<u>5,505,883</u>

In 2015, the Academy incurred the following Direct costs:

£5,505,883 in respect of Educational operations

**6. SUPPORT COSTS**

	Educational operations £	Total 2016 £	Total 2015 £
Building maintenance	79,397	79,397	195,485
Maintenance of plant and equipment	30,421	30,421	30,644
Grounds maintenance	23,294	23,294	101,622
Energy costs	84,529	84,529	98,734
Rent and rates	10,411	10,411	15,063
Insurance	12,781	12,781	35,609
Other occupancy costs	45,279	45,279	56,535
Catering	158,822	158,822	192,250
Other support costs	53,637	53,637	54,640
Governance costs	30,106	30,106	117,989
Wages and salaries	469,445	469,445	644,415
National insurance	26,761	26,761	34,787
Pension cost	217,715	217,715	401,258
	<u>1,242,598</u>	<u>1,242,598</u>	<u>1,979,031</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
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**6. SUPPORT COSTS (continued)**

During the year ended 31 August 2016, the Academy incurred the following Governance costs: £30,106 (2015 - £117,989) included within the table above in respect of Educational operations.

In 2015, the Academy incurred the following Support costs: £1,979,031 in respect of Educational operations

**7. EXPENDITURE**

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Educational operations:					
Direct costs	3,776,750	86,291	504,085	4,367,126	5,505,883
Support costs	713,921	255,691	272,986	1,242,598	1,979,031
	<u>4,490,671</u>	<u>341,982</u>	<u>777,071</u>	<u>5,609,724</u>	<u>7,484,914</u>

In 2016, of the total expenditure, £5,609,724 (2015 (£7,484,914)) was to restricted funds.

**8. EXPENDITURE - ANALYSIS OF SPECIFIC EXPENSES**

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Compensation payments	7,100	7,100	Compensation for termination of employment

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

This is stated after charging:

	31 August 2016 £	Period ended 31 August 2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	130,064	102,751
Governance Internal audit costs	1,100	1,100
Operating lease costs	<u>15,656</u>	<u>19,916</u>

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**10. AUDITORS' REMUNERATION**

	<b>31 August 2016 £</b>	<i>Period ended 31 August 2015 £</i>
Fees payable to the Academy's auditor in respect of:		
The auditing of accounts of the Academy	<b>8,000</b>	<i>8,000</i>
All other non-audit services not included above	<b>2,050</b>	<i>5,200</i>
	<b>=====</b>	<i>=====</i>

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**11. STAFF COSTS**

Staff costs were as follows:

	<b>31 August 2016</b>	<i>Period ended 31 August 2015</i>
	£	£
Wages and salaries	<b>3,519,095</b>	4,557,752
Social security costs	<b>317,322</b>	405,098
Operating costs of defined benefit pension schemes	<b>642,434</b>	920,451
	<b>4,478,851</b>	5,883,301
Supply teacher costs	<b>4,720</b>	17,744
Compensation payment	<b>7,100</b>	-
	<b>4,490,671</b>	5,901,045

The average number of persons employed by the Academy during the year was as follows:

	<b>31 August 2016</b>	<i>Period ended 31 August 2015</i>
	No.	No.
Teachers	<b>46</b>	46
Administration and support	<b>107</b>	100
Management	<b>3</b>	3
	<b>156</b>	149

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

	<b>31 August 2016</b>	<i>Period ended 31 August 2015</i>
	No.	No.
In the band £60,001 - £70,000	<b>2</b>	6
In the band £70,001 - £80,000	<b>0</b>	1
In the band £80,001 - £90,000	<b>1</b>	1
In the band £90,001 - £100,000	<b>0</b>	1
In the band £110,001 - £120,000	<b>0</b>	1

Three (2015 - 9) of the above staff participated in the Teachers' Pension Scheme and employer contributions amounting to £54,471 (2015 - £94,401) were paid by the academy in the period.

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £323,062 (2015: £312,451).

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**12. 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 year were as follows:

	<b>31 August 2016</b>	<i>Period ended 31 August 2015</i>
	£	£
Fairchildes Primary School	129,070	129,520
Rowdown Primary School	61,011	60,990
	<b>190,081</b>	<b>190,510</b>
Total	<b>190,081</b>	<b>190,510</b>

**13. TRUSTEES' REMUNERATION AND EXPENSES**

During the year retirement benefits were accruing to 1 Trustee (2015 - 1) 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:

		<b>31 August 2016</b>	<i>Period ended 31 August 2015</i>
		£'000	£'000
Miss R Sandell - remuneration	Remuneration	80-85	110-115
	Pension contributions paid	10-15	15-20

During the year ended 31 August 2016, expenses totalling £250 (2015 - £72) were reimbursed to 1 Trustee (2015 - 1).

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**14. TRUSTEES' AND OFFICERS' INSURANCE**

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

**15. INTANGIBLE FIXED ASSETS**

	<b>Software licences £</b>
<b>Cost</b>	
Additions	<b>16,085</b>
At 31 August 2016	<b>16,085</b>
<b>Amortisation</b>	
Charge for the year	<b>3,742</b>
At 31 August 2016	<b>3,742</b>
<b>Carrying amount</b>	
At 31 August 2016	<b>12,343</b>
<i>At 31 August 2015</i>	<b>-</b>

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**16. TANGIBLE FIXED ASSETS**

	Long-term leasehold property £	Improvement to leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £
<b>Cost</b>					
At 1 September 2015	5,951,000	595,740	132,412	20,000	48,852
Additions	-	261,072	-	-	30,288
At 31 August 2016	<u>5,951,000</u>	<u>856,812</u>	<u>132,412</u>	<u>20,000</u>	<u>79,140</u>
<b>Depreciation</b>					
At 1 September 2015	71,428	-	15,063	4,047	12,213
Charge for the year	47,608	38,683	13,241	2,857	23,933
At 31 August 2016	<u>119,036</u>	<u>38,683</u>	<u>28,304</u>	<u>6,904</u>	<u>36,146</u>
<b>Net book value</b>					
At 31 August 2016	<u>5,831,964</u>	<u>818,129</u>	<u>104,108</u>	<u>13,096</u>	<u>42,994</u>
<i>At 31 August 2015</i>	<u>5,879,572</u>	<u>595,740</u>	<u>117,349</u>	<u>15,953</u>	<u>36,639</u>
				<b>Assets under construction £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 September 2015				-	6,748,004
Additions				98,671	390,031
At 31 August 2016				<u>98,671</u>	<u>7,138,035</u>
<b>Depreciation</b>					
At 1 September 2015				-	102,751
Charge for the year				-	126,322
At 31 August 2016				<u>-</u>	<u>229,073</u>
<b>Net book value</b>					
At 31 August 2016				<u>98,671</u>	<u>6,908,962</u>
<i>At 31 August 2015</i>				<u>-</u>	<u>6,645,253</u>

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**17. STOCKS**

	2016	2015
	£	£
Educational supplies	5,994	7,420
	<u>5,994</u>	<u>7,420</u>

**18. DEBTORS**

	2016	2015
	£	£
Trade debtors	18,149	1,193
Prepayments and accrued income	41,709	58,724
Tax recoverable	43,072	55,382
Grants Receivable	102,337	94,018
	<u>205,267</u>	<u>209,317</u>

**19. CREDITORS**

**Amounts falling due within one year**

	2016	2015
	£	£
Other loans	150	-
Trade creditors	276,079	237,192
Other taxation and social security	71,134	66,989
Accruals and deferred income	332,459	154,214
	<u>679,822</u>	<u>458,395</u>

	2016	2015
	£	£
<b>Deferred income</b>		
Deferred income at 1 September 2015	39,895	39,895
Resources deferred during the year	239,845	-
Amounts released from previous years	(39,895)	-
	<u>239,845</u>	<u>39,895</u>
Deferred income at 31 August 2016	<u>239,845</u>	<u>39,895</u>

**20. CREDITORS:**

**Amounts falling due after more than one year**

	2016	2015
	£	£
Other loans	975	-
	<u>975</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**20. CREDITORS:**  
**Amounts falling due after more than one year (continued)**

Creditors include amounts not wholly repayable within 5 years as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Repayable by instalments	<b>525</b>	-

The loan was granted by Salix Limited and is unsecured and interest free.

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**21. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General Funds - all funds	979	716	-	-	-	1,695
<b>Restricted funds</b>						
Restricted Funds - all funds	314,317	5,251,671	(5,357,660)	(48,296)	-	160,032
Pension reserve	(1,907,000)	137,000	(122,000)	-	(886,000)	(2,778,000)
	<u>(1,592,683)</u>	<u>5,388,671</u>	<u>(5,479,660)</u>	<u>(48,296)</u>	<u>(886,000)</u>	<u>(2,617,968)</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Funds - all funds	6,818,881	239,745	(130,064)	48,296	-	6,976,858
Total restricted funds	<u>5,226,198</u>	<u>5,628,416</u>	<u>(5,609,724)</u>	<u>-</u>	<u>(886,000)</u>	<u>4,358,890</u>
Total of funds	<u><u>5,227,177</u></u>	<u><u>5,629,132</u></u>	<u><u>(5,609,724)</u></u>	<u><u>-</u></u>	<u><u>(886,000)</u></u>	<u><u>4,360,585</u></u>

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 the 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 2016.

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

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2016 were allocated as follows:

	<b>Total 2016 £</b>	<i>Total 2015 £</i>
Fairchildes Primary School	<b>145,609</b>	197,565
Rowdown Primary School	<b>16,118</b>	117,731
Total before fixed asset fund and pension reserve	<b>161,727</b>	315,296
Restricted fixed asset fund	<b>6,976,858</b>	6,818,881
Pension reserve	<b>(2,778,000)</b>	(1,907,000)
Total	<b>4,360,585</b>	5,227,177

**ANALYSIS OF ACADEMIES BY COST**

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

	<b>Teaching and educational support staff costs £</b>	<b>Other support staff costs £</b>	<b>Educational supplies £</b>	<b>Other costs excluding depreciation £</b>	<b>Total 2016 £</b>	<i>Total 2015 £</i>
Fairchildes Primary School	<b>2,453,724</b>	<b>468,995</b>	<b>293,637</b>	<b>327,761</b>	<b>3,544,117</b>	4,947,925
Rowdown Primary School	<b>1,323,027</b>	<b>244,925</b>	<b>227,684</b>	<b>200,917</b>	<b>1,996,553</b>	2,360,229
	<b>3,776,751</b>	<b>713,920</b>	<b>521,321</b>	<b>528,678</b>	<b>5,540,670</b>	7,308,154

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

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	<i>Total funds (as restated) 2015 £</i>
Intangible fixed assets	-	-	12,343	12,343	6,645,253
Tangible fixed assets	-	-	6,908,962	6,908,962	-
Current assets	1,695	840,829	55,553	898,077	947,319
Creditors due within one year	-	(679,822)	-	(679,822)	(458,395)
Creditors due in more than one year	-	(975)	-	(975)	-
Provisions for liabilities and charges	-	(2,778,000)	-	(2,778,000)	(1,907,000)
	<u>1,695</u>	<u>(2,617,968)</u>	<u>6,976,858</u>	<u>4,360,585</u>	<u>5,227,177</u>

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

	31 August 2016 £	<i>Period ended 31 August 2015 £</i>
Net (expenditure)/income for the year (as per Statement of financial activities)	(866,592)	5,227,177
<b>Adjustment for:</b>		
Depreciation charges	130,064	102,751
Assets gifted by predecessor schools	-	(4,661,584)
Dividends, interest and rents from investments	(137,716)	(978)
Decrease/(increase) in stocks	1,426	(7,420)
Decrease/(increase) in debtors	4,050	(209,317)
Increase in creditors	221,277	458,395
Capital grants from DfE and other capital income	(239,745)	(735,798)
Defined benefit pension scheme cost less contributions payable	50,000	56,000
Defined benefit pension scheme finance cost	72,000	234,000
Defined benefit pension scheme changes in financial assumptions	886,000	(14,000)
Defined benefit pension scheme return on assets	(137,000)	2,000
<b>Net cash (used in)/provided by operating activities</b>	<u>(16,236)</u>	<u>451,226</u>

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**24. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>31 August 2016</b>	<i>Period ended 31 August 2015</i>
	£	£
Cash in hand	<b>686,816</b>	730,582
Total	<b>686,816</b>	730,582

**25. CAPITAL COMMITMENTS**

At 31 August 2016 the Academy had capital commitments as follows:

	<b>2016</b>	<i>2015</i>
	£	£
Contracted for but not provided in these financial statements	<b>56,000</b>	190,000

**26. 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 Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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**26. PENSION COMMITMENTS (continued)**

Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £267,273 (2015 - £289,245).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £351,000 (2015 - £500,000), of which employer's contributions totalled £277,000 (2015 - £395,000) and employees' contributions totalled £74,000 (2015 - £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.

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.

The academy paid £58,003 (2015 - £132,041) during the year in respect of additional contributions over and above the normal funding level. A balance due in respect of the period 1 April 2016 to 31 August 2016 amounting to £43,075 has been included within accruals at the year end. The academy is considering the legal position with regard to the deficit reduction payments.

Principal actuarial assumptions:

	<b>2016</b>	<b>2015</b>
Discount rate for scheme liabilities	<b>2.00 %</b>	3.70 %
Rate of increase in salaries	<b>3.10 %</b>	3.50 %
Rate of increase for pensions in payment / inflation	<b>2.10 %</b>	2.60 %

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**26. 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:

	<b>2016</b>	<i>2015</i>
Retiring today		
Males	<b>22.3</b>	22.3
Females	<b>24.4</b>	24.4
Retiring in 20 years		
Males	<b>24.4</b>	24.4
Females	<b>26.7</b>	26.7

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

	<b>Fair value at 31 August 2016 £</b>	<i>Fair value at 31 August 2015 £</i>
Equities	<b>772,000</b>	369,000
Bonds	<b>231,000</b>	129,000
Property	<b>100,000</b>	82,000
Other	<b>-</b>	7,000
Total market value of assets	<b><u>1,103,000</u></b>	<u>587,000</u>

The actual return on scheme assets was £137,000 (2015 - £(2,000)).

The amounts recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account are as follows:

	<b>31 August 2016 £</b>	<i>Period ended 31 August 2015 £</i>
Current service cost (net of employee contributions)	<b><u>(327,000)</u></b>	<u>(451,000)</u>
Actual return on scheme assets	<b><u>137,000</u></b>	<u>(2,000)</u>

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**26. PENSION COMMITMENTS (continued)**

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

	<b>31 August 2016</b>	<i>Period ended 31 August 2015</i>
	£	£
Opening defined benefit obligation	2,494,000	-
Current service cost	327,000	451,000
Interest cost	100,000	254,000
Contributions by employees	74,000	105,000
Liabilities assumed on conversion to academy status	-	1,698,000
Changes in financial assumptionis	886,000	(14,000)
	<u>3,881,000</u>	<u>2,494,000</u>

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

	<b>31 August 2016</b>	<i>Period ended 31 August 2015</i>
	£	£
Opening fair value of scheme assets	587,000	-
Return on plan assets (excluding net interest on the net defined pension liability)	137,000	(2,000)
Interest income	28,000	20,000
Contributions by employer	277,000	395,000
Contributions by employees	74,000	105,000
Assets acquired in a business combination	-	69,000
	<u>1,103,000</u>	<u>587,000</u>

**27. OPERATING LEASE COMMITMENTS**

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

	<b>2016</b>	<b>2015</b>
	£	£
<b>Amounts payable:</b>		
Within 1 year	4,800	9,507
Between 1 and 5 years	8,140	9,462
	<u>12,940</u>	<u>18,969</u>

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

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

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**28. 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.

**29. 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 the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account.

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

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 12 March 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the Academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure. The table below shows the effect of the transition to FRS102 on the SOFA for the prior year:

	<b>Period ended 31 August 2015</b>		
	<b>As previously reported</b>	<b>Effect of transition</b>	<b>FRS102 (as restated)</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Total expenditure	7,349,914	135,000	7,484,914
Actuarial (loss) on defined benefit scheme	(135,000)	135,000	0

In the prior year, there were actuarial losses recognised on the scheme of £135,000. Under FRS102, these losses have been reclassified an increase in pension expenditure of £135,000 as shown under support costs.

**31. EXCEPTIONAL ITEM**

The latest valuation of the Local Government Pension Scheme (LGPS) occurred on 31 August 2016. Since the date of the previous valuation, a number of changes, both legislative and economic, have occurred which has impacted upon the actuarial assumptions made. Consequently, a significant cost has been incurred in the current financial period which is reflective of these changes made.