

REGISTRAR COPY

FULBROOK ACADEMY
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017



FULBROOK ACADEMY
(A company limited by guarantee)

CONTENTS

| | Page |
|---|----------------|
| Reference and administrative details | 1 - 2 |
| Trustees' report | 3 - 11 |
| Governance statement | 12 - 16 |
| Statement on regularity, propriety and compliance | 17 |
| Statement of Trustees' responsibilities | 18 |
| Independent auditor's report on the financial statements | 19 - 21 |
| Independent reporting accountant's assurance report on regularity | 22 - 23 |
| Statement of financial activities incorporating income and expenditure account | 24 |
| Balance sheet | 25 |
| Statement of cash flows | 26 |
| Notes to the financial statements | 27 - 49 |

FULBROOK ACADEMY
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

| | |
|--|---|
| Members | Amanda Knibb (Chair of Governors) Angela Evans Vincent Mulligan Nik Hartley |
| Trustees / Governors | Amanda Knibb, Member & Chair of Trustees ² Angela Evans, Member Vincent Mulligan, Member ¹ Nik Hartley, Member ¹ Samantha Clancy, Principal & Accounting Officer ^{1,2} Sally Hartley, Appointed Governor (appointed 18 May 2016) ² Lindsay Smith, Appointed Governor ^{1,2} Paul Farrant, Appointed Governor ¹ Toby Barrett, Parent Governor ¹ Naysan Firoozmand, Parent Governor ² Clair McDowell, Staff Governor ¹ Mike Chappell, Parent Governor (resigned 16 September 2016) Neil Colbourne, Staff Governor ² Clive Cowmeadow, Appointed Governor (appointed 12 July 2017) ² ¹ Finance, Estates and Staffing (FES) Committee ² Pupil, Engagement, Achievement and Policy (PEAP) Committee |
| Company registered number | 07695419 |
| Company name | Fulbrook Academy |
| Principal and registered office | Fulbrook Academy Weathercock Lane Milton Keynes Buckinghamshire MK17 8NP |
| Company secretary | Linda Diaby |
| Senior management team | Samantha Clancy, Head Teacher Jonathan Wall, Deputy Head Teacher Linda Diaby, Business Manager |
| Independent auditor | MHA MacIntyre Hudson Chartered Accountants Statutory Auditors Peterbridge House The Lakes Northampton NN4 7HB |

FULBROOK ACADEMY
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017

Advisers (continued)

| | |
|-------------------|--|
| Bankers | Lloyds Bank Plc Lloyds Court 28 Secklow Gate West Milton Keynes Buckinghamshire MK9 3EH |
| Solicitors | Browne Jacobson LLP Mowbray House Castle Meadow Nottingham NG2 1BJ |

FULBROOK ACADEMY
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 9 to 13 serving a catchment area in Woburn Sands. It has a pupil capacity of 440 and had a roll of 410 in the school census on 18 May 2017.

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 Fulbrook Academy are also the directors of the charitable company for the purposes of company law. The Charitable Company is known as Fulbrook Academy (also known as Fulbrook Middle School).

Details of the Trustees who served throughout 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.

TRUSTEES' INDEMNITIES

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The cost of this insurance in the year was £316.56.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The Members of the Trust are responsible for the appointment of Trustees except up to one Local Authority Governor who may be appointed by the Local Authority and up to two staff Governors and three parent Governors who will be appointed through an election process directed by the governing body. In the event these positions are not filled, the Members of the Trust are able to appoint to these positions.

The number of Trustees shall not be less than three.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

Trustees are appointed based on the skills that they will bring to the governing body or based on a proposal to the governing body by representative groups. On appointment, Trustees receive information relating to the Academy Trust and attend a briefing and receive an induction pack on the roles and responsibilities of Trustees.

During the year, Trustees are offered and encouraged to attend all necessary training.

FULBROOK ACADEMY
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

ORGANISATIONAL STRUCTURE

The governance of the Academy Trust is defined in the Memorandum of Articles of Association together with the Funding Agreement with the Department for Education.

All Trustees are members of the Full Governing Body. In addition, Trustees are members of committees who report to the Full Governing Body. There are two Governors' committees.

The Finance, Estates and Staffing Committee reports to the Full Governing Body on finance, premises, staffing, health & safety and internal audit related issues.

The Pupil Engagement, Achievement and Policy Committee reports to the Full Governing Body on teaching and learning, pupils' achievement and engagement and all policies not covered by the Finance, Estates and Staffing Committee.

Trustees are also allocated Link Governor Responsibilities for areas such as Safeguarding, Curriculum Subject Areas, Health & Safety, Risk Management, Strategic Planning & Fundraising, Data and Pupil Premium/SEND.

The Full Governing Body meets on at least six occasions per year.

Terms of references exist for each committee which will be reviewed annually.

The day to day running of the School is delegated by the Governing Body to the Senior Leadership Team under the leadership of the Head Teacher, Mrs Samantha Clancy who is the Accounting Officer. Other members of the senior management team are Mr Jonathan Wall, Deputy Head Teacher and Mrs Linda Diaby, School Business Manager and Company Secretary.

ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

Pay and remuneration for the Head Teacher is determined by the Head Teacher's Pay Review Committee in line with the School Teachers' Pay and Conditions (STPC) Document. The Deputy Head Teacher's pay and remuneration is also determined in line with STPC Document and reviewed annually under the School's Appraisal and Capability Policy with recommendations for pay increases submitted to the Pay Review Committee. The School Business Manager's pay and remuneration is in line with Central Bedfordshire Council's pay arrangements for Heads of Departments and reviewed annually under the Appraisal and Capability Policy with recommendations for pay increases submitted to the Pay Review Committee. Other than Staff Governors, no Trustees are paid by Fulbrook Academy.

RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

There are no connected organisations or related party relationships.

FULBROOK ACADEMY
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Objectives and Activities

OBJECTS AND AIMS

The object of the Academy Trust is to advance for the public benefit education for children aged 9 to 13 by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

The Trustees' vision is to create a culture of success to extend lifetime opportunities for young people and to do everything possible to encourage this.

Students are offered a supportive, positive and dynamic learning environment that enables them to focus on their studies and extra-curricular activities. As a result, students achieve academic and technological excellence and extend their sporting, artistic and musical accomplishments.

The School fosters personal development that helps students to find meaning in their lives and respond with creativity and determination to the challenges that arise through the rapid pace of social change.

OBJECTIVES, STRATEGIES AND ACTIVITIES

The School's objectives for the period ending 31 August 2017 were to raise the attainment level of all students through care and well-being, curriculum structure, teaching and learning, and leadership development.

Student roll – the total number on roll for the period 1 September 2016 to 31 August 2017 was 410 (as per May 2017 Pupil Census).

Admissions – the School admitted 125 in September 2016 (Pupil Admission Number 110).

Attendance – the pupil attendance level achieved for the period was 96.08% (as per October 2017 Pupil Census).

Permanent exclusions – the aim is to have permanent exclusions only in exceptional circumstances. The School had no permanent exclusions during the period from 1 September 2016 to 31 August 2017.

Staffing – the average number of (Full Time Equivalent) staff employed during the period 1 September 2016 to 31 August 2017 was 43.15.

PUBLIC BENEFIT

The Trustees of the Academy Trust have complied with their duty to have due regards to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties.

The Academy Trust will promote for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Strategic report

ACHIEVEMENTS AND PERFORMANCE

Attainment: KS2

| Key Stage 2 Results Percentage of pupils reaching the Expected Standard and above in Reading, Writing, Teacher Assessment and Mathematics | | | | | | | | |
|---|--------------------------|------|--------------|------|----------------------------|------|------------|------|
| | Reading, Writing & Maths | | Reading Test | | Writing Teacher Assessment | | Maths Test | |
| | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 |
| Central Bedfordshire LA | 51 | 57 | 65 | 72 | 77 | 74 | 64 | 73 |
| England | 53 | 61 | 66 | 71 | 74 | 76 | 70 | 75 |
| Fulbrook Middle School | 67 | 67 | 79 | 77 | 76 | 78 | 79 | 82 |

Please note that Fulbrook's Writing Teacher Assessment was externally moderated in June 2016. The moderators were satisfied that our 'teacher judgements are in line with national exemplification and the interim framework statements'.

KS2 results for the 2016/2017 academic year are above the national averages and Local Authority averages in all areas. There was improvement in all areas except the Reading Test this year (which still remains above national and LA average).

Attainment: KS3

| Year 8 End of Year Attainment | | | | | | |
|---|---------|------|-------|------|---------|------|
| | English | | Maths | | Science | |
| | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 |
| Average Standardised Score (National Mean) | 100 | 100 | 100 | 100 | 100 | 100 |
| Average Standardised Score (Fulbrook Middle School) | 105 | 109 | 108 | 114 | 101 | 105 |
| Average Stanine (National Mean) | 5 | 5 | 5 | 5 | 5 | 5 |
| Average Stanine (Fulbrook Middle School) | 5.6 | 6.2 | 6 | 6.7 | 5.1 | 5.7 |

KS3 Results for the 2016/2017 academic year are above the national averages and have improved year on year. Science tests cover the whole of KS3 curriculum (including Year 9 work) and therefore indicate excellent attainment in Science by the end of Year 8 by pupils at Fulbrook.

FULBROOK ACADEMY
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

KEY PERFORMANCE INDICATORS

The School was Graded 'Good' by Ofsted in December 2016. Governors, Senior Leadership and all staff are actively addressing the two areas identified for further improvement and have them included within the School Improvement Plan.

2017 Key Stage 2 results showing the percentage of pupils reaching expected standards are above the national figures in all areas. Fulbrook also has a higher percentage of pupils deemed High Achievers than the national average.

Key Stage 3 results are consistently high. These results are excellent and indicate that Fulbrook pupils in Key Stage 3 make better than expected progress.

Other key performance indicators include:

Pupil attendance levels are regularly over 96%.

Pupil numbers have remained similar at 405 in October 2017 from 407 in October 2016.

The School places importance on staff retention and development in order to maintain the highest standards of teaching and learning.

The Academy Trust considers staff costs as a percentage of government funding to be a key performance indicator. For 2017 this was 90.8% (2016 – 81.9%). The deficit for the period, excluding restricted fixed asset funds is reviewed as a percentage of income and the 2017 result was 2.4% (2016 – surplus 6.3%).

GOING CONCERN

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

Financial review

Fulbrook Academy has received the majority of its income from the Education and Skills Funding Agency (£1,667,891). The balance of income over expenditure (excluding restricted fixed asset funds) result in a deficit of £47,555.

The reserves will be utilised for continuous improvements and for projects such as the repair and replacement of educational equipment and materials. Reserves will also be allocated to the repair, replacement and updating of the School building, its plant, equipment and contents.

A strategic capital plan is prepared and reviewed each year by the Governors in order that the reserves can be prioritised and spent according to the needs of the School.

FULBROOK ACADEMY
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

The principal financial management policies adopted in the year are:

- Conducting regular financial reviews of income and expenditure versus planned budgets at the Governors' Finance, Estates and Staffing Committee meetings;
- Consideration as to whether the financial income demonstrates a robust and stable position enabling the provision of sufficient quality resources to fulfil the School's educational obligations;
- Review of procurement practices across the school to ensure best value can be demonstrated.

Reserves carried forward at 31 August 2017 will be utilised as part of the medium and long term plans of the School to improve and update its educational resources, materials and equipment, and additionally provide a continuous improvement plan to maintain and repair the site and facilities.

The Academy Trust has recognised its share of the Local Government Pension Scheme (LGPS) assets and liabilities in accordance with Financial Reporting Standard 102. A deficit has been recognised at 31 August 2017.

Future contribution rates are adjusted in accordance with the three yearly actuary's recommendations to reduce this deficit.

RESERVES POLICY

The Academy Trust is in the process of reviewing its reserves policy in light of the reduction of funding from the Education Skills and Funding Agency and future funding cuts planned putting pressure on current reserves.

At 31 August 2017 the total funds comprised:

| | | |
|--------------|-------------------|------------------|
| Unrestricted | | 136,676 |
| Restricted: | Fixed asset funds | 2,938,708 |
| | Pension reserve | (493,000) |
| | Other | 151,427 |
| | | <u>2,733,811</u> |

The deficit on the pension reserve relates to the non - teaching staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 21. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds are for use on the general purposes of the Academy, at the discretion of the Governors. The aim of the Governors is to increase this reserve to meet future working capital requirements.

INVESTMENT POLICY

After constructing and reporting forecasts versus budgets the School will consider whether it is prudent to deposit funds into an account where improved terms are offered. As improved terms are generally only offered where funds are invested for a fixed term, it may be prudent for the School not to invest funds in this manner.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

PRINCIPAL RISKS AND UNCERTAINTIES

The Academy Trust has implemented a Risk Management Policy and has a Risk Register and an annual Risk Review Process in place. The objectives are to have in place measures of control and mitigation, where necessary, in order to manage identified risks.

The principal risks are the loss of reputation through falling standards, falling student rolls, financial sustainability and failure to safeguard the students of the School.

Key controls in place are:

- An organisational structure with defined roles, responsibilities and authorisation levels;
- Terms of reference for the committees of the Governing Body;
- Financial planning, budgeting and regular management reporting highlighting areas of financial risk;
- Formal written and published policies for employees;
- Vetting procedures as required by law for the protection of the vulnerable;
- Review of the employer and employee contribution rates for the Local Government Pension Scheme for non-teaching staff based on the triennial actuarial valuations.

The Academy Trust practices through its Board, namely the Governing Body and the constituted subcommittees, risk management principles. Any major risks highlighted at any sub-committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Governing Body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Governing Body collectively, whilst more minor risks are dealt with by the Senior Leadership Team.

PLANS FOR FUTURE PERIODS

School Development Plan Priorities for 2017-2018

Key Priority 1: Improve the quality of teaching, learning and assessment, so that it is consistently good or better and so that more pupils make good or better progress.

Key Priority 2: Improve the provision and outcomes for specific groups of pupils, especially the disadvantaged and/or those with SEND.

Key Priority 3: Raise the standard of writing, by maximising opportunities across the curriculum for pupils to develop and improve.

Key Priority 4: Strengthen the effectiveness of leadership and management by developing the skills of middle leaders and sharing good practice through collaboration, to support the work involved in achieving Key Priorities 1, 2 and 3.

FULBROOK ACADEMY
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Key Priority 5: Promote the personal development, welfare and wellbeing of pupils and staff.

The Key Priorities on the School Development Plan correspond with the four areas on which Ofsted inspectors will make their judgements:

- Effectiveness of leadership and management;
- Quality of teaching, learning and assessment;
- Personal development, behaviour and welfare;
- Outcomes for children and other learners.

Alongside and underpinning the School Development Plan are the three goals of our Five Year Vision and Strategy Plan:

1. Academy for Life;
2. Bring out the Best and
3. Connected Communities.

Objectives for the 2017-2018 year include:

- To have a strengthened pyramid of schools;
- Extend the offer for former pupils with extra-curricular opportunities, celebrating their success and offering job / apprenticeship opportunities;
- Developing success for our pupils and staff;
- Developing community links to enable pupils, staff and parents will benefit from expertise and engagement and to offer wider opportunities to the local community based at the school.

Plans for the 2017-2018 year include:

- Strengthen the effectiveness of leadership and management by developing the skills of middle leaders to evaluate the impact of their work more sharply, so that what works best is quickly identified and further developed;
- Improve the quality of teaching so that more pupils make good and better progress by making sure that:
 - all teachers use time productively in lessons to challenge and enthuse pupils, especially the most able;
 - teachers in all subjects maximise opportunities for pupils to develop their writing skills;
 - all pupils understand how their progress and attainment is measured so they are motivated to achieve their targets;
- Develop business links;
- Contribute to training new teachers each year;
- Develop links with local government;
- Strengthen links with local schools;
- Be prepared to meet parental demands to accommodate pupils wishing to attend the school;
- Increase the levels of income outside of Central Government funding;
- Ensure we achieve Best Value for Money.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The academy does not hold any funds as custodian trustee on behalf of others.

FULBROOK ACADEMY
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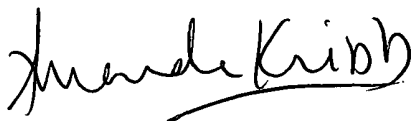
TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

AUDITOR

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 24 November 2017 and signed on its behalf by:



Amanda Knibb
Chair of Trustees

FULBROOK ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the 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 Fulbrook Academy 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 6 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 |
|---|-------------------|-------------------|
| Amanda Knibb, Chair of Governors | 6 | 6 |
| Angela Evans | 5 | 6 |
| Vincent Mulligan | 4 | 6 |
| Nik Hartley | 3 | 6 |
| Samantha Clancy, Principal & Accounting Officer | 6 | 6 |
| Sally Hartley | 2 | 6 |
| Lindsay Smith | 6 | 6 |
| Paul Farrant | 5 | 6 |
| Toby Barrett | 5 | 6 |
| Naysan Firoozmand, Parent Governor | 3 | 6 |
| Clair McDowell, Staff Governor | 6 | 6 |
| Neil Colbourne, Staff Governor | 5 | 6 |
| Clive Cowmeadow | 5 | 6 |

There are currently 4 vacancies in the Governing Body, three parent governors and one Local Authority nominated governor. An invitation for expressions of interest in the parent governor positions has been sent out to all parents. The Local Authority has yet to provide a nominated governor following requests from the Academy Trust.

The Finance, Estates and Staffing (FES) Committee is a sub-committee of the main Board of Trustees. Its purpose is to monitor, review and challenge the School's finances, internal audit, health and safety, staffing, premises and community links. The Health & Safety policy has been updated, the Asbestos Management Policy and Plan have been reviewed and the Risk Register reviewed with baseline information taken for all areas.

FULBROOK ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|-----------------------------|-------------------|-------------------|
| Paul Farrant (Chair of FES) | 6 | 6 |
| Lindsay Smith | 6 | 6 |
| Vincent Mulligan | 3 | 6 |
| Nik Hartley | 3 | 6 |
| Toby Barrett | 5 | 6 |
| Clair McDowell | 5 | 6 |
| Samantha Clancy | 4 | 6 |

The Pupil, Engagement, Achievement and Policy (PEAP) Committee is also a sub-committee of the main board of trustees. Its purpose is to review policies on a rolling programme, review subjects, consider ways to improve standards, attainment and progress through discussion with subject leaders and the SLT. Pupil engagement is monitored through discussion with Pupil Council and Heads of Year. The spend of Sports Premium Funding, Pupil Premium and SEND is closely monitored to raise standards for groups of children. Data is closely monitored by this Committee using various methods of assessment.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|---------------------------------|-------------------|-------------------|
| Clive Cowmeadow (Chair of PEAP) | 6 | 6 |
| Sally Hartley | 3 | 6 |
| Lindsay Smith | 6 | 6 |
| Naysan Firoozmand | 4 | 6 |
| Amanda Knibb | 5 | 6 |
| Neil Colbourne | 3 | 6 |
| Samantha Clancy | 5 | 6 |

Ofsted graded 'Effectiveness of Leadership and Management', including Governance, as Good in December 2016.

The following is from the '*Inspection report: Fulbrook Middle School, 6–7 December 2016*':

Governance of the school has strengthened considerably since the previous inspection. Governors are well trained, confident in their roles and determined to continue to improve the quality of education that will lead to even better outcomes for pupils.

Governors understand the school well and have accurately evaluated its strengths and where it still needs to make improvements. This is because they visit more often and meet with a wider range of staff and pupils, which gives them a fuller picture of the school. They carry out a range of monitoring visits, including looking at the quality of pupils' work. Governors meet regularly with school leaders in order to monitor specific aspects of the school's work. All staff with an area of responsibility report in detail to the full governing body.

Governors are able to provide effective challenge to school leaders because they understand how to use information on how well pupils are doing to measure themselves against other schools. They check how well all groups of pupils are doing and measure the impact of spending, including the pupil premium and catch-up funding, on pupils' outcomes. They hold teachers to account for how well pupils do in their lessons and use pay increments to reward effective performance.

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Developing a cost effective way to extend the leadership team, promoting good retention of staff, recruitment and succession planning;
- Recruitment of staff who could offer second subjects, in order to meet the needs of our timetable and curriculum and to avoid the risk of 'over-staffing';
- Securing Condition Improvement Funding to improve the safeguarding of pupils and security of the site, which will result in the reduction of repair costs and alarm call out fees incurred when intruders have been onsite;
- Obtaining three quotes for the replacement of one of the school servers;
- Reviewed and updated our printing processes, using a printing hub and reducing the higher cost printers in use; and
- Replacing our outdated telephone system to enable further lines to be added, three quotes were obtained for this.

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Fulbrook Academy for the year 1 September 2016 to 31 August 2017 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 Trust 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 Trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance, Estates and Staffing Committee, of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The 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 Paul Farrant (The Reviewer), a trustee, to carry out a rolling programme of internal checks. Mrs Charlotte Lockley has continued with the appointment as Responsible Officer (RO) but will be resigning during 2017/2018. The Board of Trustees is currently appointing a replacement RO.

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

- testing of payroll systems and transactions;
- testing of purchase orders through to payment systems;
- testing of sales ledger systems and transactions;
- testing of the bank reconciliations and bank and petty cash control accounts;
- testing of the separate School Fund Account and transactions.

On a termly basis, the Reviewer reports to the Board of Trustees through the Finance, Estates and Staffing Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

There were no material control issues arising as a result of the Responsible Officer's work during the period 1 September 2016 to 31 August 2017.

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

As Accounting Officer, the 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 reviewer;
- the work of the external auditor;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 24 November 2017 and signed on their behalf, by:



Amanda Knibb
Chair of Trustees



Samantha Clancy
Accounting Officer

FULBROOK ACADEMY
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Fulbrook Academy I have considered my responsibility to notify the academy trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2016.

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 2016.

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 ESFA.



Samantha Clancy
Accounting Officer

Date: 24 November 2017

FULBROOK ACADEMY
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees (who act as governors of Fulbrook Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction published by the Education and Skills 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 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in 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 ESFA/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 24 November 2017 and signed on its behalf by:



Amanda Knibb
Chair of Trustees

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
FULBROOK ACADEMY**

OPINION

We have audited the financial statements of Fulbrook Academy for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

FULBROOK ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
FULBROOK ACADEMY**

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' report including the Strategic report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

We have nothing to report in respect of the following matters in relation to which 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' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

FULBROOK ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
FULBROOK ACADEMY**

RESPONSIBILITIES OF TRUSTEES

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.



Rebecca Hughes BSc(Hons) FCCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Peterbridge House
The Lakes
Northampton
NN4 7HB

Date: 7 December 2017

FULBROOK ACADEMY
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO FULBROOK ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 20 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Fulbrook Academy during the year 1 September 2016 to 31 August 2017 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 Fulbrook Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Fulbrook Academy and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Fulbrook Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF FULBROOK ACADEMY'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Fulbrook Academy's funding agreement with the Secretary of State for Education dated 01 March 2012, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

FULBROOK ACADEMY
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO FULBROOK ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)

The work undertaken to draw to our conclusion includes;

- Reviewing the minutes of meetings of the board of trustees and other evidence made available to us relevant to our consideration of regularity;
- A review of the objectives and activities of the academy, with reference to the income streams and other information available to us as auditors of the company;
- Testing a sample of payroll payments to staff;
- Testing a sample of payments to suppliers and other third parties;
- Testing a sample of grants received and other income streams;
- Evaluating the internal control procedures and reporting lines, and testing as appropriate.

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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA MacIntyre Hudson

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Peterbridge House
The Lakes
Northampton
NN4 7HB

Date: *7 December 2017*

FULBROOK ACADEMY
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

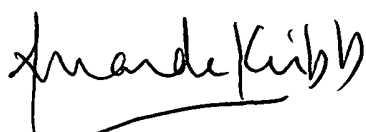
| | Note | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|--|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | | |
| Donations and capital grants | 3 | - | 116,929 | 120,733 | 237,662 | 248,654 |
| Charitable activities: | 6 | | | | | |
| Funding for the Academy | | | | | | |
| Trust's educational operations | | - | 1,832,680 | - | 1,832,680 | 1,940,948 |
| Other trading activities | 4 | 34,062 | - | - | 34,062 | 30,354 |
| Investments | 5 | 270 | - | - | 270 | 365 |
| TOTAL INCOME | | 34,332 | 1,949,609 | 120,733 | 2,104,674 | 2,220,321 |
| EXPENDITURE ON: | | | | | | |
| Raising funds | | 5,570 | 111,830 | - | 117,400 | 133,273 |
| Academy trust educational operations | | - | 1,914,096 | 163,015 | 2,077,111 | 2,011,984 |
| TOTAL EXPENDITURE | 7 | 5,570 | 2,025,926 | 163,015 | 2,194,511 | 2,145,257 |
| NET INCOME / (EXPENDITURE) BEFORE TRANSFERS | | | | | | |
| Transfers between funds | 16 | 28,762 | (76,317) | (42,282) | (89,837) | 75,064 |
| | | - | (10,356) | 10,356 | - | - |
| NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | | | | | |
| | | 28,762 | (86,673) | (31,926) | (89,837) | 75,064 |
| Actuarial gains/(losses) on defined benefit pension schemes | 21 | - | 278,000 | - | 278,000 | (299,000) |
| NET MOVEMENT IN FUNDS | | 28,762 | 191,327 | (31,926) | 188,163 | (223,936) |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 107,914 | (532,900) | 2,970,634 | 2,545,648 | 2,769,584 |
| TOTAL FUNDS CARRIED FORWARD | | 136,676 | (341,573) | 2,938,708 | 2,733,811 | 2,545,648 |

FULBROOK ACADEMY
(A company limited by guarantee)
REGISTERED NUMBER: 07695419

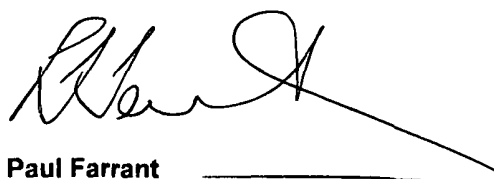
BALANCE SHEET
AS AT 31 AUGUST 2017

| | Note | £ | 2017 £ | £ | 2016 £ |
|--|------|------------------|-------------------------|------------------|-------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 13 | | 2,783,716 | | 2,871,670 |
| CURRENT ASSETS | | | | | |
| Debtors | 14 | 66,463 | | 73,398 | |
| Cash at bank and in hand | | 484,027 | | 386,055 | |
| | | <u>550,490</u> | | <u>459,453</u> | |
| CREDITORS: amounts falling due within one year | 15 | (107,395) | | (90,475) | |
| NET CURRENT ASSETS | | | <u>443,095</u> | | <u>368,978</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>3,226,811</u> | | <u>3,240,648</u> |
| Defined benefit pension scheme liability | 21 | (493,000) | | (695,000) | |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | <u><u>2,733,811</u></u> | | <u><u>2,545,648</u></u> |
| FUNDS OF THE ACADEMY | | | | | |
| Restricted income funds: | | | | | |
| Restricted income funds | 16 | 151,427 | | 162,100 | |
| Restricted fixed asset funds | 16 | 2,938,708 | | 2,970,634 | |
| Restricted income funds excluding pension liability | | <u>3,090,135</u> | | <u>3,132,734</u> | |
| Pension reserve | | <u>(493,000)</u> | | <u>(695,000)</u> | |
| Total restricted income funds | | | <u>2,597,135</u> | | <u>2,437,734</u> |
| Unrestricted income funds | 16 | | <u>136,676</u> | | <u>107,914</u> |
| TOTAL FUNDS | | | <u><u>2,733,811</u></u> | | <u><u>2,545,648</u></u> |

The financial statements on pages 24 to 49 were approved by the Trustees, and authorised for issue, on 24 November 2017 and are signed on their behalf, by:



Amanda Knibb
Chair of Trustees



Paul Farrant
Trustee

FULBROOK ACADEMY
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

| | Note | 2017 £ | 2016 £ |
|--|-------------|-------------------|-------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 19 | 52,026 | 113,015 |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 270 | 365 |
| Proceeds from the sale of tangible fixed assets | | - | 15,000 |
| Purchase of tangible fixed assets | | (75,057) | (130,649) |
| Capital grants from DfE/ESFA | | 120,733 | 109,954 |
| Net cash provided by/(used in) investing activities | | 45,946 | (5,330) |
| Change in cash and cash equivalents in the year | | 97,972 | 107,685 |
| Cash and cash equivalents brought forward | | 386,055 | 278,370 |
| Cash and cash equivalents carried forward | 20 | 484,027 | 386,055 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Fulbrook Academy meets the definition of a public benefit entity as defined by FRS 102.

1.2 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 Trust 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the Academy Trust 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

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations

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

Other income

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

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.

Expenditure on Raising Funds

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

Charitable Activities

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

| | | |
|-----------------------|---|-------------------|
| Leasehold property | - | 2% straight line |
| Plant and machinery | - | 25% straight line |
| Fixtures and fittings | - | 20% straight line |
| Computer equipment | - | 25% straight line |

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

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

1.6 Liabilities

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

1.7 Provisions

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

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

1.8 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.9 Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

1.10 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 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.

1.12 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, 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 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.

1.14 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency 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 Education and Skills Funding Agency.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgment

Estimates and judgments 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 21, 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 2017 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was subject to limits at 31 August 2017 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy Trust has not exceeded these limits during the year ended 31 August 2017.

FULBROOK ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|-------------------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Capital Grants | - | - | 120,733 | 120,733 | 109,954 |
| Donations | - | 2,124 | - | 2,124 | 4,366 |
| School funds | - | 114,805 | - | 114,805 | 134,334 |
| | - | 116,929 | 120,733 | 237,662 | 248,654 |
| <i>Total 2016</i> | - | 138,700 | 109,954 | 248,654 | |

4. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|--------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Hire of facilities | 34,062 | - | 34,062 | 30,354 |
| | 34,062 | - | 34,062 | 30,354 |
| <i>Total 2016</i> | 30,354 | - | 30,354 | |

5. INVESTMENT INCOME

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|--------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Bank interest receivable | 270 | - | 270 | 365 |
| <i>Total 2016</i> | 365 | - | 365 | |

FULBROOK ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

6. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|--------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/ESFA grants | | | | |
| General annual grant (GAG) | - | 1,643,561 | 1,643,561 | 1,745,422 |
| Other DfE/ESFA grants | - | 24,330 | 24,330 | 12,824 |
| Pupil premium | - | 73,547 | 73,547 | 84,237 |
| Other ESFA grants | - | - | - | 9,200 |
| | - | 1,741,438 | 1,741,438 | 1,851,683 |
| Other government grants | | | | |
| Special educational needs | - | 84,294 | 84,294 | 79,119 |
| Pupil premium | - | 3,200 | 3,200 | 6,358 |
| | - | 87,494 | 87,494 | 85,477 |
| Other funding | | | | |
| Other income | - | 3,748 | 3,748 | 3,788 |
| | - | 3,748 | 3,748 | 3,788 |
| | - | 1,832,680 | 1,832,680 | 1,940,948 |
| Total 2016 | - | 1,940,948 | 1,940,948 | |

7. EXPENDITURE

| | Staff costs 2017 £ | Premises 2017 £ | Other costs 2017 £ | Total 2017 £ | Total 2016 £ |
|--|--------------------------|-----------------------|--------------------------|--------------------|--------------------|
| Expenditure on raising voluntary income | - | - | 111,830 | 111,830 | 122,849 |
| Expenditure on fundraising trading | - | - | 5,570 | 5,570 | 10,424 |
| Academy's educational operations: | | | | | |
| Direct costs | 1,345,776 | - | 109,232 | 1,455,008 | 1,430,695 |
| Allocated support costs | 315,705 | 231,151 | 75,247 | 622,103 | 581,289 |
| | 1,661,481 | 231,151 | 301,879 | 2,194,511 | 2,145,257 |
| Total 2016 | 1,586,244 | 250,881 | 308,132 | 2,145,257 | |

FULBROOK ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

8. CHARITABLE ACTIVITIES

| | Direct costs 2017 £ | Support costs 2017 £ | Total 2017 £ | Total 2016 £ |
|------------------------|--|---|-----------------------------|-----------------------------|
| Educational operations | 1,455,008 | 622,103 | 2,077,111 | 2,011,984 |
| <i>Total 2016</i> | 1,430,695 | 581,289 | 2,011,984 | |

Analysis of support costs

| | 2017 £ | 2016 £ |
|----------------------------|-------------------|-------------------|
| Support staff costs | 315,705 | 254,840 |
| Depreciation | 162,913 | 176,285 |
| Technology costs | 29,294 | 23,336 |
| Premises costs | 68,238 | 74,596 |
| Other support costs | 51,895 | 43,691 |
| Governance costs | 9,058 | 8,541 |
| Total support costs | 637,103 | 581,289 |

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

| | 2017 £ | 2016 £ |
|--|-------------------|-------------------|
| Depreciation of tangible fixed assets: - owned by the charity | 162,913 | 176,285 |
| Auditor's remuneration - audit | 8,200 | 7,800 |
| Operating lease rentals | 9,347 | 4,874 |

FULBROOK ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

10. STAFF COSTS

Staff costs were as follows:

| | 2017 £ | 2016 £ |
|--|-----------|-----------|
| Wages and salaries | 1,227,961 | 1,235,288 |
| Social security costs | 112,768 | 97,732 |
| Operating costs of defined benefit pension schemes | 281,696 | 240,162 |
| | <hr/> | <hr/> |
| Supply teacher costs | 1,622,425 | 1,573,182 |
| | 39,056 | 13,062 |
| | <hr/> | <hr/> |
| | 1,661,481 | 1,586,244 |
| | <hr/> | <hr/> |

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

| | 2017 No. | 2016 No. |
|----------------------------|-------------|-------------|
| Teachers | 21 | 20 |
| Administration and support | 31 | 31 |
| Management | 3 | 3 |
| | <hr/> | <hr/> |
| | 55 | 54 |
| | <hr/> | <hr/> |

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

| | 2017 No. | 2016 No. |
|-------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | 0 | 1 |
| In the band £70,001 - £80,000 | 1 | 0 |

The above employee participated in the Teachers' Pension Scheme and Local Government Pension Scheme. During the year ended 31 August 2017, pension contributions for these members of staff amounted to £11,374 (2016 - £10,377).

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 £315,568 (2016 - £285,365).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

11. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Head Teacher 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:

| | | 2017 £ | 2016 £ |
|-------------------------------------|----------------------------|---------------|---------------|
| S Clancy (Head Teacher and trustee) | Remuneration | 70,000-75,000 | 65,000-70,000 |
| | Pension contributions paid | 10,000-15,000 | 10,000-15,000 |
| F Bishop (Staff trustee) | Remuneration | N/A | 5,000-10,000 |
| | Pension contributions paid | N/A | 0-5,000 |
| C McDowell (Staff trustee) | Remuneration | 40,000-45,000 | 40,000-45,000 |
| | Pension contributions paid | 5,000-10,000 | 5,000-10,000 |
| N Colbourne (staff trustee) | Remuneration | 40,000-45,000 | 15,000-20,000 |
| | Pension contributions paid | 5,000-10,000 | 0-5,000 |

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £Nil).

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2017 was £317 (2016 - £307).

FULBROOK ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

13. TANGIBLE FIXED ASSETS

| | Leasehold property £ | Plant and machinery £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|-----------------------|----------------------------|-----------------------------|-------------------------------|----------------------------|------------|
| Cost | | | | | |
| At 1 September 2016 | 3,387,005 | 21,805 | 77,558 | 107,450 | 3,593,818 |
| Additions | 61,144 | - | - | 13,913 | 75,057 |
| Disposals | - | - | - | (4,228) | (4,228) |
| At 31 August 2017 | 3,448,149 | 21,805 | 77,558 | 117,135 | 3,664,647 |
| Depreciation | | | | | |
| At 1 September 2016 | 563,973 | 13,102 | 54,647 | 90,426 | 722,148 |
| Charge for the year | 141,035 | 5,111 | 5,607 | 11,160 | 162,913 |
| On disposals | - | - | - | (4,130) | (4,130) |
| At 31 August 2017 | 705,008 | 18,213 | 60,254 | 97,456 | 880,931 |
| Net book value | | | | | |
| At 31 August 2017 | 2,743,141 | 3,592 | 17,304 | 19,679 | 2,783,716 |
| At 31 August 2016 | 2,823,032 | 8,703 | 22,911 | 17,024 | 2,871,670 |

14. DEBTORS

| | 2017 £ | 2016 £ |
|--------------------------------|-----------|-----------|
| Trade debtors | 6,261 | 7,057 |
| VAT recoverable | 5,991 | - |
| Prepayments and accrued income | 54,211 | 66,341 |
| | 66,463 | 73,398 |

15. CREDITORS: Amounts falling due within one year

| | 2017 £ | 2016 £ |
|------------------------------------|-----------|-----------|
| Other taxation and social security | 27,496 | 26,073 |
| Other creditors | 8 | 26,865 |
| Accruals and deferred income | 79,891 | 37,537 |
| | 107,395 | 90,475 |

FULBROOK ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

15. CREDITORS: Amounts falling due within one year (continued)

| | 2017 £ | 2016 £ |
|--------------------------------------|---------------|--------------|
| Deferred income | | |
| Deferred income at 1 September 2016 | 9,246 | 21,892 |
| Resources deferred during the year | 11,623 | 9,246 |
| Amounts released from previous years | (9,246) | (21,892) |
| | <u>11,623</u> | <u>9,246</u> |
| Deferred income at 31 August 2017 | <u>11,623</u> | <u>9,246</u> |

Deferred income is made up of ESFA devolved formula capital grants of £5,611 (2016 - £5,661) and other income totalling £6,012 (2016 - £3,585). All these items relate to future periods and have therefore been deferred.

FULBROOK ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

16. STATEMENT OF FUNDS

| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2017 £ |
|---|---|------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| Unrestricted funds | 107,914 | 34,332 | (5,570) | - | - | 136,676 |
| Restricted funds | | | | | | |
| General annual grant (GAG) | 123,662 | 1,643,561 | (1,666,767) | (10,356) | - | 90,100 |
| Pupil premium | - | 76,747 | (60,369) | - | - | 16,378 |
| Other DfE/ESFA grants | 1,321 | 24,330 | (24,330) | - | - | 1,321 |
| Local authority grants | - | 84,294 | (84,294) | - | - | - |
| Miscellaneous restricted | 3,131 | 3,748 | (2,336) | - | - | 4,543 |
| Restricted donations | 5,716 | 2,124 | (554) | - | - | 7,286 |
| School funds | 28,270 | 114,805 | (111,276) | - | - | 31,799 |
| Pension reserve | (695,000) | - | (76,000) | - | 278,000 | (493,000) |
| | <u>(532,900)</u> | <u>1,949,609</u> | <u>(2,025,926)</u> | <u>(10,356)</u> | <u>278,000</u> | <u>(341,573)</u> |
| Restricted fixed asset funds | | | | | | |
| Other capital grants | 98,801 | - | - | (3,762) | - | 95,039 |
| DfE/EFA capital grants | 474,345 | 120,733 | (31,625) | - | - | 563,453 |
| Capital expenditure from GAG | 63,167 | - | (14,407) | 10,356 | - | 59,116 |
| Capital expenditure from other funds | 25,980 | - | (3,657) | 3,762 | - | 26,085 |
| Transfer from LA | 2,308,341 | - | (113,326) | - | - | 2,195,015 |
| | <u>2,970,634</u> | <u>120,733</u> | <u>(163,015)</u> | <u>10,356</u> | <u>-</u> | <u>2,938,708</u> |
| Total restricted funds | <u>2,437,734</u> | <u>2,070,342</u> | <u>(2,188,941)</u> | <u>-</u> | <u>278,000</u> | <u>2,597,135</u> |
| Total of funds | <u>2,545,648</u> | <u>2,104,674</u> | <u>(2,194,511)</u> | <u>-</u> | <u>278,000</u> | <u>2,733,811</u> |

FULBROOK ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

16. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

| | Balance at 1 September 2015 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2016 £ |
|---|--|-------------------------|---------------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| Unrestricted funds | 72,619 | 30,719 | (10,424) | 15,000 | - | 107,914 |
| | <u>72,619</u> | <u>30,719</u> | <u>(10,424)</u> | <u>15,000</u> | <u>-</u> | <u>107,914</u> |
| Restricted funds | | | | | | |
| General annual grant (GAG) | 10,170 | 1,745,423 | (1,616,762) | (15,169) | - | 123,662 |
| Pupil premium | - | 90,595 | (90,595) | - | - | - |
| Other DfE/ESFA grants | 495 | 22,024 | (21,198) | - | - | 1,321 |
| Local authority grants | - | 79,119 | (79,119) | - | - | - |
| Miscellaneous restricted | (160) | 3,788 | (497) | - | - | 3,131 |
| Restricted donations | (296) | 4,365 | 1,647 | - | - | 5,716 |
| School funds | 24,444 | 134,334 | (124,496) | (6,012) | - | 28,270 |
| Pension reserve | (361,000) | - | (35,000) | - | (299,000) | (695,000) |
| | <u>(326,347)</u> | <u>2,079,648</u> | <u>(1,966,020)</u> | <u>(21,181)</u> | <u>(299,000)</u> | <u>(532,900)</u> |
| Restricted fixed asset funds | | | | | | |
| DfE/ESFA capital grants | 492,205 | 9,714 | (29,289) | 1,715 | - | 474,345 |
| Capital expenditure from GAG | 68,243 | - | (18,529) | 13,454 | - | 63,168 |
| Capital expenditure from other funds | 24,904 | 100,240 | (6,376) | 6,012 | - | 124,780 |
| Transfer from LA | 2,437,960 | - | (114,619) | (15,000) | - | 2,308,341 |
| | <u>3,023,312</u> | <u>109,954</u> | <u>(168,813)</u> | <u>6,181</u> | <u>-</u> | <u>2,970,634</u> |
| Total restricted funds | <u>2,696,965</u> | <u>2,189,602</u> | <u>(2,134,833)</u> | <u>(15,000)</u> | <u>(299,000)</u> | <u>2,437,734</u> |
| Total of funds | <u><u>2,769,584</u></u> | <u><u>2,220,321</u></u> | <u><u>(2,145,257)</u></u> | <u><u>-</u></u> | <u><u>(299,000)</u></u> | <u><u>2,545,648</u></u> |

FULBROOK ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

16. STATEMENT OF FUNDS (continued)

The transfer between the restricted General Annual Grant fund and restricted fixed asset funds represents amounts capitalised during the year.

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

Restricted general funds will be used for educational purposes in line with the Academy Trust's objects and its funding agreement with the ESFA.

Restricted fixed asset funds amounting to £2,783,716 will be reserved against future depreciation charges, and the remainder relates to unspent capital grants which will be utilised to enhance the Academy's facilities.

Under the funding agreement with the Secretary of State, the Academy Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2017. Note 2 discloses whether the limit was exceeded.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2017 are represented by:

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ |
|-------------------------------|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 2,783,716 | 2,783,716 |
| Current assets | 136,676 | 258,822 | 154,992 | 550,490 |
| Creditors due within one year | - | (107,395) | - | (107,395) |
| Pension scheme liability | - | (493,000) | - | (493,000) |
| | <u>136,676</u> | <u>(341,573)</u> | <u>2,938,708</u> | <u>2,733,811</u> |

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ |
|-------------------------------|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 2,871,670 | 2,871,670 |
| Current assets | 107,914 | 252,575 | 98,964 | 459,453 |
| Creditors due within one year | - | (90,475) | - | (90,475) |
| Pension scheme liability | - | (695,000) | - | (695,000) |
| | <u>107,914</u> | <u>(532,900)</u> | <u>2,970,634</u> | <u>2,545,648</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

18. MEMBERS' LIABILITY

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

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

| | 2017 £ | 2016 £ |
|--|---------------|----------------|
| Net (expenditure)/income for the year (as per Statement of Financial Activities) | (89,837) | 75,064 |
| Adjustment for: | | |
| Depreciation charges | 162,913 | 176,285 |
| Dividends, interest and rents from investments | (270) | (365) |
| Loss/(profit) on the sale of fixed assets | 98 | (7,472) |
| Decrease in debtors | 6,935 | 32,740 |
| Increase/(decrease) in creditors | 16,920 | (88,283) |
| Capital grants from DfE and other capital income | (120,733) | (109,954) |
| Defined benefit pension scheme cost less contributions payable | 61,000 | 21,000 |
| Defined benefit pension scheme finance cost | 15,000 | 14,000 |
| Net cash provided by operating activities | 52,026 | 113,015 |

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2017 £ | 2016 £ |
|--------------|----------------|----------------|
| Cash in hand | 484,027 | 386,055 |
| Total | 484,027 | 386,055 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

21. PENSION COMMITMENTS

The Academy Trust'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 Bedford Borough Council. 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 2017.

Contributions amounting to £8 were payable to the schemes at 31 August 2017 (2016 - £26,669) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014.

The valuation report was published by the Department on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

21. PENSION COMMITMENTS (continued)

- an employer cost cap of 10.9% of pensionable pay;
- actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

The employer's pension costs paid to TPS in the period amounted to £135,760 (2016 - £135,129).

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx

Scheme Changes

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012.

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

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 2017 was £107,000 (2016 - £107,000), of which employer's contributions totalled £84,000 (2016 - £84,000) and employees' contributions totalled £23,000 (2016 - £23,000). The agreed contribution rates for future years are 22.8% for employers and between 5.5% and 12.5% for employees.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

21. PENSION COMMITMENTS (continued)

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

Principal actuarial assumptions:

| | 2017 | 2016 |
|--|--------|--------|
| Discount rate for scheme liabilities | 2.50 % | 2.00 % |
| Expected return on scheme assets at 31 August | 2.50 % | 2.00 % |
| Rate of increase in salaries | 2.70 % | 3.10 % |
| Rate of increase for pensions in payment / inflation | 2.40 % | 2.10 % |

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

| | 2017 | 2016 |
|----------------------|------|------|
| Retiring today | | |
| Males | 22.4 | 22.4 |
| Females | 24.5 | 24.3 |
| Retiring in 20 years | | |
| Males | 24.0 | 24.4 |
| Females | 26.2 | 26.8 |

| | At 31 August 2017 £ | At 31 August 2016 £ |
|--|---------------------------|---------------------------|
| Sensitivity analysis | | |
| 0.5% decrease in Real Discount Rate | 221 | 196 |
| 0.5% increase in the Salary Increase Rate | 49 | 69 |
| 0.5% increase in the Pension Increase Rate | 168 | 121 |

FULBROOK ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

21. PENSION COMMITMENTS (continued)

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

| | Fair value at 31 August 2017 £ | Fair value at 31 August 2016 £ |
|------------------------------|---|---|
| Equities | 767,000 | 697,000 |
| Bonds | 202,000 | 91,000 |
| Property | 121,000 | 91,000 |
| Cash and other liquid assets | 255,000 | 26,000 |
| | <u>1,345,000</u> | <u>905,000</u> |
| Total market value of assets | <u>1,345,000</u> | <u>905,000</u> |

The actual return on scheme assets was £344,000 (2016 - £124,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

| | 2017 £ | 2016 £ |
|----------------------|------------------|------------------|
| Interest income | 19,000 | 27,000 |
| Interest cost | (34,000) | (41,000) |
| Current service cost | (145,000) | (105,000) |
| | <u>(160,000)</u> | <u>(119,000)</u> |
| Total | <u>(160,000)</u> | <u>(119,000)</u> |

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

| | 2017 £ | 2016 £ |
|------------------------------------|------------------|------------------|
| Opening defined benefit obligation | 1,600,000 | 1,037,000 |
| Interest cost | 34,000 | 41,000 |
| Employee contributions | 23,000 | 23,000 |
| Actuarial losses | 47,000 | 396,000 |
| Benefits paid | (11,000) | (2,000) |
| Current service cost | 145,000 | 105,000 |
| | <u>1,838,000</u> | <u>1,600,000</u> |
| Closing defined benefit obligation | <u>1,838,000</u> | <u>1,600,000</u> |

FULBROOK ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

21. PENSION COMMITMENTS (continued)

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

| | 2017 £ | 2016 £ |
|-------------------------------------|-----------|-----------|
| Opening fair value of scheme assets | 905,000 | 676,000 |
| Interest income | 19,000 | 27,000 |
| Actuarial gains | 325,000 | 97,000 |
| Employer contributions | 84,000 | 84,000 |
| Employee contributions | 23,000 | 23,000 |
| Benefits paid | (11,000) | (2,000) |
| | <hr/> | <hr/> |
| Closing fair value of scheme assets | 1,345,000 | 905,000 |
| | <hr/> | <hr/> |

22. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

| | 2017 £ | 2016 £ |
|-------------------------|-----------|-----------|
| Amounts payable: | | |
| Within 1 year | 10,157 | 5,297 |
| Between 1 and 5 years | 16,714 | 6,621 |
| | <hr/> | <hr/> |
| Total | 26,871 | 11,918 |
| | <hr/> | <hr/> |

23. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

24. CONTROLLING PARTY

There is no ultimate controlling party.

25. COMPANY LIMITED BY GUARANTEE

The Academy Trust is a company limited by guarantee and does not have share capital.