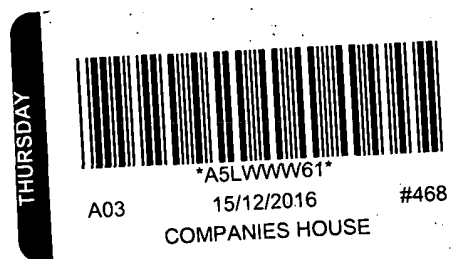


Registered number: 07697070 (England and Wales)

THE ROMSEY SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016



THE ROMSEY SCHOOL
(A company limited by guarantee)

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

Members

Judith Houghton
Jonathan de Sausmarez
Sarah Weare

Trustees

Judith Houghton, Chair of Trustees^{1,2}
Jonathan de Sausmarez, Executive Headteacher and Accounting Officer^{1,2}
Colm McKavanagh, Headteacher^{1,2}
Sheila Caine¹
Ian Clapton, Staff Trustee¹
Mark Cooper^{1,2}
John Malcolm East, Vice Chair (resigned 31 May 2016)¹
James Bastow¹
John Bennett¹
Peter Garland (resigned 24 April 2016)^{1,2}
Gary Hiscock¹
Malcolm Kaill¹
Elizabeth Lee¹
Sarah Weare, Vice Chair and Chair of Finance and Audit Committee^{1,2}
Stephen Wildridge¹
John Godsell¹
David Eager (resigned 17 September 2015)¹
Anne Taylor (resigned 17 September 2015)^{1,2}
Victoria Taylor^{1,2}
Cara Cox (appointed 9 September 2016)¹
Amanda O'Reilly (resigned 19 September 2016)¹
Paul Robert Seabrook (resigned 31 May 2016)¹
Jon Pinckney¹

¹ Governor

² Finance and Audit Committee

Company registered number

07697070

Company name

The Romsey School

Principal and registered office

Greatbridge Road, Romsey, Hampshire, SO51 8ZB

THE ROMSEY SCHOOL
(A company limited by guarantee)

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

Advisers (continued)

Company Secretary and Clerk to the Governors

Pamela Leech

Senior management team

Jonathan de Sausmarez, Executive Headteacher and Accounting Officer
Colm McKavanagh, Headteacher
Andrew Marks, Deputy Headteacher
Annie Eagle, Deputy Headteacher
Julia Felton (resigned 31/08/2016), Assistant Headteacher
Chris Stephens (appointed 01/04/2016), Assistant Headteacher
Janet Lefley, Community Manager

Independent auditors

Clifford Fry & Co LLP, St Mary's House, Netherhampton, Salisbury, Wiltshire, SP2 8PU

Bankers

Lloyds Bank Plc, Totton, Southampton, Hampshire, SO40 3TH

Solicitors

Veal Wasborough Vizards, Orchard Court, Orchard Lane, Bristol, BS1 5WS

THE ROMSEY SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

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

The trust operates an academy for pupils aged 11 to 16 serving a catchment area in Romsey and the surrounding area. It has a pupil capacity of 1164 and had a roll of 1120 (including High Needs pupils) in the school census in October 2015. The school also has a 100% shareholding in a Trading Company (Romsey Community School Limited) whose profits are all gift aided annually to the school. The Trading Subsidiary was started to facilitate commercial activities to generate additional revenue for the provision of education by the school.

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 The Romsey School limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Romsey School.

Details of the Trustees who served throughout the year, except as noted, are included in the Legal and Administrative Information on pages 1-2.

Members Liability

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

Trustees' Indemnities

As part of its overall insurance with Zurich Municipal Insurance, the school has insurance which protects members of the Board of Trustees against claims arising from negligent acts, errors or omissions. The insurance provides cover up to £5,000,000 for any one claim.

Method of Recruitment and Appointment or Election of Trustees

The Governing Body has been formed in accordance with the Articles of Association. The Trustees are split into categories; local education authority, parent, community and staff Trustees. The parent Trustees are elected by parents or carers of registered pupils and must be parents or carers at the time of their election. If insufficient parents stand for election the governing body can appoint parent Trustees. Staff Trustees are candidates who must be working at the school at the time of the election. All the Trustees were co-opted to the new board as an academy. The Trustees may appoint up to 3 co-opted Trustees. Each Trustee is provided with policies on their roles and responsibilities, conduct as a Trustee and guidance on the general principles of behaviour.

Policies and Procedures Adopted for the Induction and Training of Trustees

We subscribe to Hampshire Trustee Services who provide a range of courses and we both encourage Trustees to attend as individuals and also to go to local Trustee conferences. We have an identified Trustee who is our Training Liaison Trustee whose role involves coordinating our training as Trustees. It is our policy that every Trustee should serve on at least one committee or sub-committee, and care is taken to find the best fit according to the needs of the school and the strengths of the new Trustee involved.

Organisational Structure

The Governing Body of the Romsey School Academy Trust devolves the responsibility of the day to day running of the Academy to the Executive Headteacher, the Headteacher and the Senior Leadership team. Their activities and decisions are monitored through a number of Governor Committees which report regularly to the Full Governing Body.

THE ROMSEY SCHOOL
(A company limited by guarantee)

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

The Main Committees are:

- **Finance and Audit Committee** has responsibility and delegated authority for the approval of the financial management of the Academy. The committee makes recommendations to the full governing body for approval of the annual accounts and budget. The committee also has responsibility for oversight of the School's reporting process, internal audit by the reviewer, monitoring of the financial statements and financial risk management.
- **Staffing Committee** has responsibility and delegated authority for the planning, implementation, monitoring and evaluation of the staffing structure in the context of the school's strategic and improvement plans.
- **Pay Review Committee** has responsibility and delegated authority to review the pay recommendations for staff.
- **Buildings and Grounds Committee** has responsibility to ensure sound management of the Academy's estate, including proper planning, monitoring and probity.
- **Curriculum Committee** has responsibility to ensure sound management of the school curriculum, quality of teaching and learning and pupil achievement.
- **Pupil Support Committee** has responsibility to ensure sound management of pupil safety, pupil support and pupil behaviour.
- **RCS Limited** has responsibility to ensure sound management of the community projects and community facilities operated by the RCS Limited.

Arrangements for setting pay and remuneration of key management personnel

Four governors (not including the Chair of Governors) are delegated by the Governing Body to carry out the Headteachers' performance management reviews; they work in pairs, two for the Executive Headteacher and two for the Headteacher. They may be assisted by an external advisor. The Pay Review committee normally meets twice a year, once to review the recommendations for teaching staff pay changes (this includes the senior management team) and once to review the recommendations for support staff pay changes.

Connected Organisations, including Related Party Relationships

The School operates a wholly owned trading subsidiary Romsey Community School, known as RCS Limited to operate all of the outreach work in the local community.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the charitable company is the operation of The Romsey School to provide education for students of different abilities between the ages of 11-16. In accordance with the Funding Agreement made under section 482 of the Education Act 1996, as substituted by the Education Act 2002, between the Secretary of State for Children, Schools and Families and Academy Trust, the Academy is Governed by a Governing Body which exercises its powers and functions with a view to fulfilling a largely strategic role in the running of the school. The Funding Agreement specifies the admission arrangements, amongst other things, and that the curriculum, in substance, complies with statutory requirements.

THE ROMSEY SCHOOL
(A company limited by guarantee)

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

Objectives, Strategies and Activities

The school's action plan for 2015-16 lists the aims and outcomes for the year and is reviewed annually. The plan is a result of close self-evaluation and consultation with stakeholders including student voice, which are then refined through consultation with senior and middle leaders.

The school's mission statement is: Romsey School - Your Gateway to Success.

Our vision is to provide a world class education for our young people based on the following principles:

1. Our ethos is inclusive, where all young people succeed
2. Students are supported and happy, with staff who go that extra mile
3. Students achieve outstanding results through inspirational teaching
4. Learning has no boundaries within and beyond the classroom
5. The school is at the heart of our community.

Aims of the school

- To experience and enjoy new challenges and opportunities
- To have a sense of belonging and pride in our school
- To treat others with fairness, kindness and respect
- To make healthy, informed and responsible choices
- To be able to cope with life's ups and downs
- To have a sense of awe and wonder
- To acquire a lifelong love of learning
- To be an active citizen
- To be happy and successful

Public Benefit

The Governors of the Academy Trust have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties. The activities undertaken to further the Academy Trust's purpose for the Public Benefit include:

- Maintain and develop a high quality education
- Offer a broad based academic curriculum
- Delivery of our school action plan

The subsidiary, Romsey Community School Limited is established to deliver services using our own facilities and those at other locations. This company delivers all of The Romsey School community activity; the company has its own management and support staff structure and receives no funding from our EFA funding.

THE ROMSEY SCHOOL
(A company limited by guarantee)

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

ACHIEVEMENTS AND PERFORMANCE

The total number of students as at October 2015 was 1120 and the number on role was fairly static. The Romsey School follows a broad and balanced curriculum designed to promote academic excellence and develop individual talents and interests, the exam results for 2015/2016 were as follows:-

77% of pupils achieved 5 or more	A* - C grades
68% of pupils achieve 5 or more	A* - C grades including English and Maths
22% of pupils achieved 5 or more	A* and A
100% of pupils achieved at least one	A* - C pass
99% of pupils achieved 5 or more	A* - G grades including English and Maths
73% of boys achieved 5 or more	A* - C grades
82% of girls achieved 5 or More	A* - C grades
23% of pupils achieved	English Baccalaureate
84% of pupils achieved	A* - C English
77% of pupils achieved	A* - C Maths

The school goes from strength to strength with both PGCE and NQT training provision and has an excellent relationship with the local universities.

Key Performance Indicators

Investment returns

The School receives interest on the investment accounts held with Lloyds Bank. It also receives interest on the main school bank current account at Lloyds Bank.

Capital Bids

The school was successful with its capital bid. EFA funds of £187,875 will be used for the refurbishment of boys and girls changing rooms and gym floor, together with the school's contribution of c£84k for a total project cost of c£272k.

The school will continue to address on-going maintenance and will address key maintenance items around the school. The school also intends to submit a CIF bid in 16/17 to provide a ground floor science laboratory.

Maintaining Student Numbers

All year groups with the exception of Year 11 are full or very close to being full. The current year 7 is oversubscribed and governors took the decision to increase the PAN to allow for an additional tutor group. This was agreed again for the 2016 intake. Over the past year, pupil numbers have risen by 36 overall.

Trading Subsidiary

RCS Limited is our trading subsidiary set up as a trading company to support our Community provision.

Financial

The School is in a good robust financial position as indicated by the financial statements and all financial matters are monitored carefully by the Finance and Audit Committee. Mr Peter Hanlon continues to act as our reviewer, and the Accounting Officer is our Executive Headteacher Mr Jonathan de Sausmarez.

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

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy 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 the preparation of financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

FINANCIAL REVIEW

The majority of the academy's income is obtained from the EFA in the form of the General Annual Grant. This is split between school budget share, ESG and Rates allowance, the funds are restricted as shown in the statement of financial activities. The academy also receives other grants such as pupil premium and Low Incidence (Special needs funding) still comes from the Local Authority and in accordance with SORP (Statement of Recommended Practice) these items are also shown in the statement of financial activities as restricted funding. Any other items of funding have been assigned in the financial statements in accordance with the guidelines set down by SORP.

During the year ended 31 August 2016, consolidated: The total expenditure, excluding depreciation, of £7,149,579 (2015: £6,852,307) was covered by the General Annual Grant along with other incoming resources. The excess of income over expenditure for the year (before transfers, and excluding restricted fixed asset funds) was £26,250 (2015: £8,032). Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. The amount carried over to the following 12 month period will be used towards the annual expenditure of the school. The School Investments have all been in low risk Government Deposit Accounts. Due to current market conditions and low interest rates the return has been low.

The accruals and deferred income for this year were £175,235 (2015: £214,284).

The majority of the school's expenditure has been salary and buildings payments. Any expenditure for key objectives will be implemented over the next 12 months in line with the school improvement plan.

At 31 August the net book value of fixed assets was £42,378,125 (2015: £42,346,184). The assets were used for providing education and the associated support services to the students of the academy.

Reserves Policy

The level of consolidated reserves held at 31 August 2016 total £41,178,687. Of this figure, £1,009,313 represents unrestricted reserves and restricted reserves, excluding the pension obligation.

The Trustees' policy is to review the levels of reserves annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The policy of the Board of Trustees is to maintain a level of reserves that will be adequate to provide a stable base for continuing the operation of the Academy whilst ensuring excessive funds are not accumulated. The main aim of the Academy is to ensure that the level of curriculum provision will be maintained in future years. The Board of Trustees uses the 5 year plan to inform the decision making.

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

Investment Policy

The school aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the school aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no tangible risk to the loss of these cash funds.

Purposes

- To ensure adequate cash balances are maintained in the current account to cover day to day working capital requirements
- To ensure there is no tangible risk of loss in the capital value of any cash funds invested
- To protect the capital value of any invested funds against inflation
- To optimise returns on invested funds

Principal Risks and Uncertainties

The Finance and Audit Committee as a sub-committee of the main governing body ensures that the Board of Governors fulfils its responsibility for sound management of the academy's finances and resources, including proper planning, monitoring and probity.

Risk Management

The Governors have considered the risks that the Academy faces under the following headings:

- Political
- Strategic and Reputational risks
- Social and technological
- Legislative and regulatory
- Environmental and operational risks
- Managerial and professional
- Compliance risks
- Financial risks
- Legal risks
- Contractual and physical risks.

The Financial Risk Management policy was last reviewed in March 2014. Regular Health and Safety audits are carried out and reported to the Buildings and Grounds committee. Other safeguards include a Business Continuity Plan and adequate insurance cover.

PLANS FOR FUTURE PERIODS

Plans for the future are in the School Action Plan 2016-17. This plan is a result of close self-evaluation and consultation with stakeholders over the past two years in particular relation to student voice and parent surveys. The main suggestions from staff, students and parents have been incorporated into this plan and then refined through consultation with senior and middle leaders. Governors play a key role in challenging and supporting the school to reach new heights. The governing body sub committees have been reorganised for 2016-17 to allow closer monitoring of the key areas of the School Action Plan.

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

Auditor

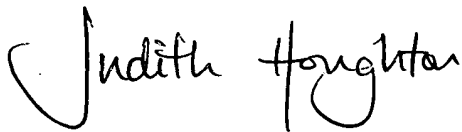
Statement as to disclosure of information to auditors

In so far as the Trustees are aware:

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

The re-appointment for the Auditors will take place at the AGM.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 7 December 2016 and signed on the board's behalf by:



Judith Houghton
Chair of Trustees

THE ROMSEY SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Executive Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Romsey School 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 4 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
Judith Houghton	4	4
Jonathan de Sausmarez	4	4
Sheila Caine	4	4
Ian Clapton	4	4
Mark Cooper	4	4
Malcolm East	2	3
Peter Garland	0	3
Gary Hiscock	4	4
Malcolm Kaill	4	4
Elizabeth Lee	2	4
Colm McKavanagh	4	4
Sarah Weare	4	4
Stephen Wildridge	0	4
John Bennett	4	4
Anne Taylor	0	4
James Bastow	4	4
John Godsell	4	4
Victoria Taylor	3	4
Amanda O'Reilly	1	4
Paul Robert Seabrook	2	3
Jon Pinckney	4	4

The Finance and Audit Committee is a sub-committee of the main governing body. Its purpose is to assist the decision making of the Board of Trustees, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees' responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity. To regularly make appropriate comments and recommendations, on such matters, to the Board of Trustees. During the period the committee have been involved in monitoring a large capital project.

THE ROMSEY SCHOOL
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GOVERNANCE STATEMENT (continued)

During the accounting period Sarah Weare was Chair of the Finance and Audit Committee. The Committee met 6 times during the reporting period.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Sarah Weare - Chair	6	6
Judith Houghton	3	6
Peter Garland	0	4
Mark Cooper	6	6
Anne Taylor	0	6
Jonathan de Sausmarez	2	6
Colm Mckavanagh	3	6
Janet Lefley	6	6
Victoria Taylor	2	6
John Bennett	6	6

REVIEW OF VALUE FOR MONEY

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

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

- Staff replacement is managed carefully; this enables the school to maintain good numbers of quality staff in all departments and within budget
- The Executive Headteacher has exceeded the budget for generating consultancy income
- Careful analysis and review of general expenditure has enabled a number of significant savings to be made.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Romsey School for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE ROMSEY SCHOOL
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GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and Audit 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 Peter Hanlon as its reviewer, and it is his role to perform a range of checks on the school's financial systems. On a termly basis, the reviewer will submit a report to the Finance and Audit Committee and to the Full Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a termly basis, the reviewer reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

In particular the checks carried out in the current period included:

- bank reconciliations
- the petty cash system
- expenses claims
- EFA income
- school trips income and expenditure
- EHT external income
- the payroll system
- reports to Governors
- major contracts
- purchase orders

THE ROMSEY SCHOOL
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GOVERNANCE STATEMENT (continued)

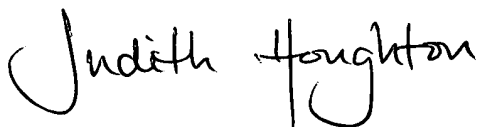
REVIEW OF EFFECTIVENESS

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

- the work of the reviewer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 7 December 2016 and signed on their behalf, by:



Judith Houghton
Chair of Trustees


Jonathan de Sausmarez
Accounting Officer

THE ROMSEY SCHOOL
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Romsey School I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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


Jonathan de Sausmarez
Accounting Officer

THE ROMSEY SCHOOL
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees (who act as governors of The Romsey School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Group strategic report, the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

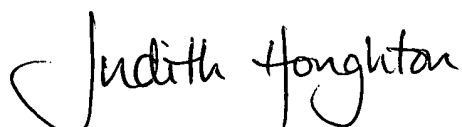
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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 the group 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 and the group applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable group'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 7 December 2016 and signed on its behalf by:



Judith Houghton
Chair of Trustees

THE ROMSEY SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE ROMSEY SCHOOL

We have audited the financial statements of The Romsey School for the year ended 31 August 2016 which comprise the group Statement of financial activities, the group and academy Balance sheets, the group Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

THE ROMSEY SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE ROMSEY SCHOOL

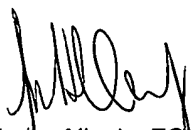
OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report, incorporating the Group strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Simon Allenby FCA (Senior statutory auditor)

for and on behalf of

Clifford Fry & Co LLP

St Mary's House
Netherhampton
Salisbury
Wiltshire
SP2 8PU

Date: 12/12/16

THE ROMSEY SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
ROMSEY SCHOOL AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 08/08/2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Romsey School during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Romsey School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Romsey School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Romsey School and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE ROMSEY SCHOOL'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of The Romsey School's funding agreement with the Secretary of State for Education dated 29/07/2011, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and noncompliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

THE ROMSEY SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
ROMSEY SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

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



Clifford Fry & Co LLP

St Mary's House
Netherhampton
Salisbury
Wiltshire
SP2 8PU

Date: 21/12/16

THE ROMSEY SCHOOL
(A company limited by guarantee)

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

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	As restated 2015 £
INCOME FROM:						
Donations and capital grants	2	156,105	47,569	541,226	744,900	289,451
Charitable activities	5	256,418	5,761,370	-	6,017,788	5,819,490
Other trading activities	3	947,467	-	-	947,467	782,665
Investments	4	6,900	-	-	6,900	7,418
TOTAL INCOME		1,366,890	5,808,939	541,226	7,717,055	6,899,024
EXPENDITURE ON:						
Raising funds:						
Voluntary income		466,630	10,777	-	477,407	595,480
Fundraising trading		623,828	-	-	623,828	481,368
Charitable activities		13,376	6,034,968	377,605	6,425,949	6,142,165
TOTAL EXPENDITURE	6	1,103,834	6,045,745	377,605	7,527,184	7,219,013
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		263,056	(236,806)	163,621	189,871	(319,989)
Transfers between Funds	19	(156,087)	180,650	(24,563)	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		106,969	(56,156)	139,058	189,871	(319,989)
Actuarial gains/(losses) on defined benefit pension schemes	23	-	(1,238,000)	-	(1,238,000)	148,000
NET MOVEMENT IN FUNDS		106,969	(1,294,156)	139,058	(1,048,129)	(171,989)
RECONCILIATION OF FUNDS:						
Total funds brought forward		819,214	(1,043,714)	42,451,316	42,226,816	42,398,805
TOTAL FUNDS CARRIED FORWARD		926,183	(2,337,870)	42,590,374	41,178,687	42,226,816

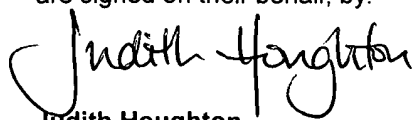
The notes on pages 24 to 47 form part of these financial statements.

THE ROMSEY SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07697070

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	As restated 2015 £
FIXED ASSETS				
Tangible assets	15		42,378,125	42,346,184
CURRENT ASSETS				
Stocks	16	10,575		5,022
Debtors	17	380,514		426,697
Cash at bank and in hand		1,232,733		1,288,571
		<u>1,623,822</u>		<u>1,720,290</u>
CREDITORS: amounts falling due within one year	18	(402,260)		(721,658)
NET CURRENT ASSETS			<u>1,221,562</u>	<u>998,632</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>43,599,687</u>	<u>43,344,816</u>
Defined benefit pension scheme liability	23		<u>(2,421,000)</u>	<u>(1,118,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>41,178,687</u></u>	<u><u>42,226,816</u></u>
FUNDS OF THE ACADEMY				
Restricted income funds:				
Restricted income funds	19	83,130		74,286
Restricted fixed asset funds	19	42,590,374		42,451,316
Restricted income funds excluding pension liability		42,673,504		42,525,602
Pension reserve		<u>(2,421,000)</u>		<u>(1,118,000)</u>
Total restricted income funds			<u>40,252,504</u>	<u>41,407,602</u>
Unrestricted income funds	19		<u>926,183</u>	<u>819,214</u>
TOTAL FUNDS			<u><u>41,178,687</u></u>	<u><u>42,226,816</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 7 December 2016 and are signed on their behalf, by:


Judith Houghton
Chair of Trustees

The notes on pages 24 to 47 form part of these financial statements.

THE ROMSEY SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07697070

ACADEMY BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	As restated 2015 £
FIXED ASSETS				
Tangible assets	15		42,378,125	42,346,184
Investments			1	1
			42,378,126	42,346,185
CURRENT ASSETS				
Stocks	16	10,575		5,022
Debtors	17	391,493		390,499
Cash at bank and in hand		1,207,653		1,288,436
		1,609,721		1,683,957
CREDITORS: amounts falling due within one year	18	(388,160)		(685,326)
NET CURRENT ASSETS			1,221,561	998,631
TOTAL ASSETS LESS CURRENT LIABILITIES			43,599,687	43,344,816
Defined benefit pension scheme liability	23		(2,421,000)	(1,118,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			41,178,687	42,226,816
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted funds	19	86,020		77,176
Restricted fixed asset funds	19	42,590,374		42,451,316
Restricted funds excluding pension asset		42,676,394		42,528,492
Pension reserve		(2,421,000)		(1,118,000)
Total restricted funds			40,255,394	41,410,492
Unrestricted funds	19		923,293	816,324
TOTAL FUNDS			41,178,687	42,226,816

The financial statements were approved by the Trustees, and authorised for issue, on 7 December 2016 and are signed on their behalf, by:


Judith Houghton
Chair of Trustees

The notes on pages 24 to 47 form part of these financial statements.

THE ROMSEY SCHOOL
(A company limited by guarantee)

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

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	21	<u>356,653</u>	<u>338,501</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		6,900	7,418
Purchase of tangible fixed assets		<u>(409,546)</u>	<u>(631,669)</u>
Net cash used in investing activities		<u>(402,646)</u>	<u>(624,251)</u>
Change in cash and cash equivalents in the year		(45,993)	(285,750)
Cash and cash equivalents brought forward		<u>1,278,726</u>	<u>1,564,476</u>
Cash and cash equivalents carried forward	22	<u><u>1,232,733</u></u>	<u><u>1,278,726</u></u>

THE ROMSEY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

The Romsey School constitutes a public benefit entity as defined by FRS 102.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the academy and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the academy alone as permitted by section 408 of the Companies Act 2006.

First time adoption of FRS 102

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

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 28.

1.2 Fund accounting

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

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

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

THE ROMSEY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

Grants are included in the Statement of financial activities 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 are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Other income, including pupil transport, tuition fees, salary and other recharges, and Executive Head consultancy income is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service. is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

THE ROMSEY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

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

1.6 Basis of consolidation

The financial statements consolidate the accounts of The Romsey School and all of its subsidiary undertakings ('subsidiaries').

The academy has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and expenditure account.

1.7 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities 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.

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.

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

Long-term leasehold property	-	Straight line over the life of the lease, or estimated useful life of the asset
Fixtures, fittings and equipment	-	Straight line over 7 years
Computer equipment	-	Straight line over 3 years
Fixed assets under construction	-	Not depreciated

THE ROMSEY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.8 Investments

The academy's shareholding in the wholly owned subsidiary, Romsey Community School Limited, is included in the Balance sheet at the cost of the share capital owned. There is no readily available market value and the cost of valuation exceeds the benefit derived.

Investments in subsidiaries are valued at cost less provision for impairment.

1.9 Operating leases

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

1.10 Stocks

Stocks are valued at the lower of cost and net realisable value.

1.11 Interest receivable

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

1.12 Taxation

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

1.13 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.

1.14 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.

THE ROMSEY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.15 Liabilities and provisions

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

1.16 Financial instruments

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

THE ROMSEY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.17 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, 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

THE ROMSEY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.18 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	As restated 2015 £
Donations	156,105	47,569	-	203,674	250,766
Capital Grants	-	-	210,151	210,151	38,685
Donated fixed assets	-	-	331,075	331,075	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	156,105	47,569	541,226	744,900	289,451
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from donations and capital grants, £250,766 was to unrestricted funds and £38,685 was to restricted fixed assets funds.

THE ROMSEY SCHOOL
(A company limited by guarantee)

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

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Total funds 2016 £	As restated 2015 £
Executive Head consultancy income	136,532	136,532	81,293
Trading subsidiary income	810,935	810,935	701,372
	<u>947,467</u>	<u>947,467</u>	<u>782,665</u>

In 2015, of the total income from other trading activities, £782,665 was to unrestricted funds and £ *NIL* was to restricted funds.

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Total funds 2016 £	As restated 2015 £
Bank interest receivable and short term deposits	6,900	6,900	7,418
	<u>6,900</u>	<u>6,900</u>	<u>7,418</u>

In 2015, of the total investment income, £7,418 was to unrestricted funds.

THE ROMSEY SCHOOL
(A company limited by guarantee)

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	As restated 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	5,319,966	5,319,966	5,218,521
Other DfE/EFA grants	-	197,471	197,471	192,899
	-	5,517,437	5,517,437	5,411,420
Other government grants				
Local authority grants	-	243,933	243,933	188,111
	-	243,933	243,933	188,111
Other funding				
Events, sports coaching and other income	96,871	-	96,871	68,295
Pupil transport (school minibus) income	133,560	-	133,560	128,936
Music tuition fees	25,987	-	25,987	22,728
	256,418	-	256,418	219,959
	256,418	5,761,370	6,017,788	5,819,490

In 2015, of the total income from charitable activities, £219,959 was to unrestricted funds and £5,599,531 was to restricted funds.

There were no unfulfilled conditions or other contingencies attached to any grants received (2015: None).

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6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	As restated Total 2015 £
Expenditure on raising voluntary income	143,163	-	334,244	477,407	595,480
Expenditure on fundraising trading	469,359	59,452	95,017	623,828	481,368
Educational operations:					
Direct costs	4,365,259	365,224	507,864	5,238,347	5,006,585
Support costs	667,838	12,381	507,383	1,187,602	1,135,580
	<u>5,645,619</u>	<u>437,057</u>	<u>1,444,508</u>	<u>7,527,184</u>	<u>7,219,013</u>

In 2016, of the total expenditure, £1,103,834 (2015: £1,253,047) was to unrestricted funds and £6,423,350 (2015 - £,965,966) was to restricted funds.

7. DIRECT COSTS

	Educational operations £	As restated Total 2015 £
Technology costs	60,651	51,354
Educational supplies	167,953	172,324
Examination fees	107,439	99,275
Educational consultancy	13,376	9,681
Other direct costs	158,445	207,532
Wages and salaries	3,555,967	3,429,763
National insurance	291,284	254,481
Pension cost	518,008	435,988
Depreciation	365,224	346,187
	<u>5,238,347</u>	<u>5,006,585</u>

In 2015, the academy incurred the following Direct costs:
£5,006,585 in respect of Educational operations.

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**NOTES TO THE FINANCIAL STATEMENTS
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8. SUPPORT COSTS

	Educational operations £	As restated Total 2015 £
Pension financing cost - interest on net defined benefit liability/(asset)	40,000	41,000
Technology costs	3,222	3,561
Recruitment and support	28,823	24,869
Maintenance of premises and equipment	161,366	119,046
Cleaning	9,297	10,204
Rent and rates	42,793	37,614
Energy costs	88,729	99,893
Insurance	39,290	55,240
Security and transport	1,803	2,605
Other support costs	80,565	77,755
Governance costs	11,495	12,380
Wages and salaries	510,698	483,762
National insurance	25,078	22,602
Pension cost	132,062	124,530
Depreciation	12,381	20,519
	<u>1,187,602</u>	<u>1,135,580</u>

During the year ended 31 August 2016, the academy incurred the following Governance costs:
£11,495 (2015: £12,380) included within the table above in respect of Educational operations.

In 2015, the academy incurred the following Support costs:
£1,135,580 in respect of Educational operations.

9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	As restated 2015 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	377,605	366,706
Governance costs	11,495	12,380
Operating lease rentals	<u>54,352</u>	<u>37,226</u>

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NOTES TO THE FINANCIAL STATEMENTS
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10. AUDITORS' REMUNERATION

	2016 £	As restated 2015 £
Fees payable to the academy's auditor and its associates for the audit of the academy's annual accounts	7,775	8,320
Fees payable to the academy's auditor and its associates in respect of:		
The preparation of the academy's Group financial statements	1,350	1,330
Taxation services	-	390
Audit of Trading subsidiary	2,750	2,750
Accounting support	345	510
Audit of TPS EOYC	550	540
Preparation of returns	1,475	1,290
	<u> </u>	<u> </u>

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**NOTES TO THE FINANCIAL STATEMENTS
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11. STAFF COSTS

Staff costs were as follows:

	2016 £	As restated 2015 £
Wages and salaries	4,135,221	4,010,711
Social security costs	326,560	287,960
Operating costs of defined benefit pension schemes	660,578	572,375
	<u>5,122,359</u>	<u>4,871,046</u>
Supply teacher costs	53,901	52,690
Trading subsidiary staff costs	469,359	297,396
	<u>5,645,619</u>	<u>5,221,132</u>

The average number of persons employed by the academy and the trading subsidiary during the year was as follows:

	2016 No.	As restated 2015 No.
Teaching Staff	73	74
Administration and Support Staff	81	79
Management	5	5
Trading subsidiary	72	64
	<u>231</u>	<u>222</u>

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

	2016 No.	As restated 2015 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	1
In the band £90,001 - £100,000	0	1
In the band £100,001 - £200,000	1	0

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016 employers' pension contributions for these staff amounted to £43,824 (2015 £33,063).

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

11. STAFF COSTS (continued)

Key Management Personnel:

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on pages 1 and 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £483,566 (2015: £368,290).

12. TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 4 Trustees (2015 - 4) in respect of defined benefit pension schemes.

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

		2016	As restated 2015
		£	£
John Pinckney, IT Manager	Remuneration	35,000-40,000	N/A
	Pension contributions paid	0-5,000	N/A
Ian Clapton, Staff Trustee	Remuneration	40,000-45,000	40,000-45,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Jonathan de Sausmarez, Executive Headteacher	Remuneration	120,000-125,000	95,000-100,000
	Pension contributions paid	20,000-25,000	10,000-15,000
Colm McKavanagh, Headteacher	Remuneration	75,000-80,000	70,000-75,000
	Pension contributions paid	10,000-15,000	10,000-15,000

During the year, no Trustees received any reimbursement of expenses (2015 - £NIL).

13. 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. The cost of this insurance is included in the total insurance cost.

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**NOTES TO THE FINANCIAL STATEMENTS
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14. OTHER FINANCE INCOME

	2016 £	As restated 2015 £
Expected return on pension scheme assets	90,000	80,000
Interest on pension scheme liabilities	(130,000)	(121,000)
	<u>(40,000)</u>	<u>(41,000)</u>

15. TANGIBLE FIXED ASSETS

Group and Academy	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Fixed assets under construction £	Total £
Cost					
At 1 September 2015	43,184,311	3,116,567	554,684	542,318	47,397,880
Additions	409,546	-	-	-	409,546
Transfer between classes	542,318	-	-	(542,318)	-
At 31 August 2016	<u>44,136,175</u>	<u>3,116,567</u>	<u>554,684</u>	<u>-</u>	<u>47,807,426</u>
Depreciation					
At 1 September 2015	1,409,937	3,107,101	534,658	-	5,051,696
Charge for the year	365,224	2,367	10,014	-	377,605
At 31 August 2016	<u>1,775,161</u>	<u>3,109,468</u>	<u>544,672</u>	<u>-</u>	<u>5,429,301</u>
Net book value					
At 31 August 2016	<u>42,361,014</u>	<u>7,099</u>	<u>10,012</u>	<u>-</u>	<u>42,378,125</u>
At 31 August 2015	<u>41,774,374</u>	<u>9,466</u>	<u>20,026</u>	<u>542,318</u>	<u>42,346,184</u>

16. STOCKS

	Group	Academy
	2016 £	2016 £
	As restated 2015 £	As restated 2015 £
IT consumables, stationery and cleaning stock	<u>10,575</u>	<u>5,022</u>
	<u>10,575</u>	<u>5,022</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. DEBTORS

	<u>Group</u>		<u>Academy</u>	
	2016	As restated 2015	2016	As restated 2015
	£	£	£	£
Trade debtors	57,188	179,674	32,193	11,958
Amounts owed by group undertakings	-	-	111,746	159,261
Other debtors	26,608	93,221	26,550	93,221
Prepayments and accrued income	296,718	153,802	221,004	126,059
	<u>380,514</u>	<u>426,697</u>	<u>391,493</u>	<u>390,499</u>

18. CREDITORS: Amounts falling due within one year

	<u>Group</u>		<u>Academy</u>	
	2016	As restated 2015	2016	As restated 2015
	£	£	£	£
Bank loans and overdrafts	-	9,845	-	-
Trade creditors	43,911	340,561	41,478	339,927
Other taxation and social security	107,168	89,456	100,086	84,654
Other creditors	75,946	67,512	75,946	67,512
Accruals and deferred income	175,235	214,284	170,650	193,233
	<u>402,260</u>	<u>721,658</u>	<u>388,160</u>	<u>685,326</u>

	<u>Group</u>		<u>Academy</u>	
	£	£	£	£
Deferred income				
Deferred income at 1 September 2015	163,318	176,609	163,318	161,609
Resources deferred during the year	153,278	163,318	153,278	163,318
Amounts released from previous years	(163,318)	(176,609)	(163,318)	(161,609)
Deferred income at 31 August 2016	<u>153,278</u>	<u>163,318</u>	<u>153,278</u>	<u>163,318</u>

At the balance sheet date the academy was holding funds received in advance for EFA rates relief, minibus income, school trips, music lessons and other services to be supplied in the autumn term 2016.

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

19. STATEMENT OF FUNDS

	Brought Forward As restated £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	819,214	1,366,890	(1,103,834)	(156,087)	-	926,183
Restricted funds						
General Annual Grant (GAG)	74,286	5,319,966	(5,491,772)	180,650	-	83,130
Other DfE/EFA Grants	-	197,471	(197,471)	-	-	-
Local authority grants	-	243,933	(243,933)	-	-	-
Supply cover income	-	47,569	(47,569)	-	-	-
Pension reserve	(1,118,000)	-	(65,000)	-	(1,238,000)	(2,421,000)
	<u>(1,043,714)</u>	<u>5,808,939</u>	<u>(6,045,745)</u>	<u>180,650</u>	<u>(1,238,000)</u>	<u>(2,337,870)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	42,346,185	331,075	(274,572)	(24,563)	-	42,378,125
DfE/EFA capital grants	105,131	210,151	(103,033)	-	-	212,249
	<u>42,451,316</u>	<u>541,226</u>	<u>(377,605)</u>	<u>(24,563)</u>	<u>-</u>	<u>42,590,374</u>
Total restricted funds	<u>41,407,602</u>	<u>6,350,165</u>	<u>(6,423,350)</u>	<u>156,087</u>	<u>(1,238,000)</u>	<u>40,252,504</u>
Total of funds	<u>42,226,816</u>	<u>7,717,055</u>	<u>(7,527,184)</u>	<u>-</u>	<u>(1,238,000)</u>	<u>41,178,687</u>

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

Unrestricted funds

These funds are for the general use of the academy, and may be used towards meeting any of the charitable objects of the academy trust, at the discretion of the trustees.

Restricted general funds

The General Annual Grant (GAG) represents funding received from the EFA during the year in order to fund the continuing activities of the academy. Other DfE/EFA Grants includes Pupil Premium to cater for disadvantaged pupils. Local authority grants include Hampshire County Council Special Educational Needs and Top Up Aspergers funding. Supply cover income represents income from the Schools Advisory Service relating to Staff Absence Insurance.

Restricted funds include the LGPS pension scheme provision of £2,421,000 (2015: £1,118,000).

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**NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

These include fixed assets transferred on conversion to academy status from Hampshire County Council, together with DfE/EFA capital grants including Devolved Formula Capital. The funds represent the net book value of tangible fixed assets, plus a cash balance of £212,249 (2015: £105,132) for the purpose of buying or constructing fixed assets.

Fund transfers

During the year funds were transferred from Restricted Fixed Assets to Restricted to fund general school repair costs which were not capitalised. Funds were also transferred from Unrestricted to Restricted to match income with the related restricted expenditure costs.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	As restated 2015 £
Tangible fixed assets	-	-	42,378,125	42,378,125	42,346,184
Current assets	940,283	471,290	212,249	1,623,822	1,720,290
Creditors due within one year	(14,100)	(388,160)	-	(402,260)	(721,658)
Provisions for liabilities and charges	-	(2,421,000)	-	(2,421,000)	(1,118,000)
	<u>926,183</u>	<u>(2,337,870)</u>	<u>42,590,374</u>	<u>41,178,687</u>	<u>42,226,816</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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**21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW
FROM OPERATING ACTIVITIES**

	2016 £	As restated 2015 £
Net income/(expenditure) for the year (as per Statement of financial activities)	189,871	(319,989)
Adjustment for:		
Depreciation charges	377,605	366,706
Return on investments	(6,900)	(7,418)
(Increase)/Decrease in stocks	(5,553)	1,444
(Increase)/decrease in debtors	46,183	(91,136)
Increase/(decrease) in creditors	(309,553)	316,894
Defined benefit pension scheme finance cost	65,000	72,000
Net cash provided by operating activities	356,653	338,501

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	As restated 2015 £
Cash in hand	1,232,733	1,288,571
Overdraft facility repayable on demand	-	(9,845)
Total	1,232,733	1,278,726

23. PENSION COMMITMENTS

The group'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 Hampshire County 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 2013.

Contributions amounting to £75,818 were payable to the schemes at 31 August 2016 (2015 - £66,584) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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23. PENSION COMMITMENTS (continued)

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £460,298 (2015 - £385,673).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £228,000 (2015 - £208,000), of which employer's contributions totalled £176,000 (2015 - £160,000) and employees' contributions totalled £52,000 (2015 - £48,000). The agreed contribution rates for future years are 13.1% for employers and between 5.5% and 12.5% for employees.

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

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**NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.80 %
Rate of increase in salaries	3.50 %	3.50 %
Rate of increase for pensions in payment / inflation	2.00 %	2.00 %
Inflation assumption (CPI)	2.00 %	2.00 %
Rate of increase in deferred pensions	2.00 %	2.00 %
Inflation assumption (RPI)	3.10 %	3.10 %

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

	2016	2015
Retiring today		
Males	24.6	24.5
Females	26.4	26.3
Retiring in 20 years		
Males	26.7	26.6
Females	28.7	28.6

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,649,000	1,339,000
Government bonds	765,000	601,000
Property	215,000	191,000
Corporate bonds	52,000	40,000
Cash	151,000	77,000
Other	77,000	81,000
Total market value of assets	2,909,000	2,329,000

The actual return on scheme assets was £484,000 (2015 - £86,000).

The adoption of FRS 102 in the next accounting period removes the requirement to recognise an expected rate of return on assets item in the profit and loss charge. This item will be replaced with a net financing charge which is based on the discount rate assumption. As the expected return on assets is based on the assumption at the start of the accounting period, assumptions for the expected return on assets are not required at 31 August 2015.

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**NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of financial activities are as follows:

	2016 £	As restated 2015 £
Current service cost (net of employee contributions)	(201,000)	(191,000)
Net interest cost	(40,000)	(41,000)
	<u>(241,000)</u>	<u>(232,000)</u>
Total	<u>(241,000)</u>	<u>(232,000)</u>
Actual return on scheme assets	<u>484,000</u>	<u>86,000</u>

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

	2016 £	As restated 2015 £
Opening defined benefit obligation	3,447,000	3,267,000
Current service cost	201,000	191,000
Interest cost	130,000	121,000
Contributions by employees	52,000	48,000
Actuarial losses/(gains)	1,632,000	(142,000)
Benefits paid	(132,000)	(38,000)
	<u>5,330,000</u>	<u>3,447,000</u>
Closing defined benefit obligation	<u>5,330,000</u>	<u>3,447,000</u>

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

	2016 £	As restated 2015 £
Opening fair value of scheme assets	2,329,000	2,073,000
Return on plan assets (excluding net interest on the net defined pension liability)	90,000	80,000
Actuarial gains and (losses)	394,000	6,000
Contributions by employer	176,000	160,000
Contributions by employees	52,000	48,000
Benefits paid	(132,000)	(38,000)
	<u>2,909,000</u>	<u>2,329,000</u>
Closing fair value of scheme assets	<u>2,909,000</u>	<u>2,329,000</u>

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NOTES TO THE FINANCIAL STATEMENTS
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24. OPERATING LEASE COMMITMENTS

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

	2016 £	2015 £
Group and Academy		
Amounts payable:		
Within 1 year	26,696	20,845
Between 1 and 5 years	40,945	40,700
Total	<u>67,641</u>	<u>61,545</u>

25. 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 12.

26. CONTROLLING PARTY

There is no overall controlling party.

27. 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.

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28. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		42,398,805	42,226,816
Total funds reported under FRS 102		<u>42,398,805</u>	<u>42,226,816</u>

Reconciliation of net (expenditure)	Notes	31 August 2015 £
Net (expenditure) previously reported under UK GAAP		(268,989)
Change in recognition of LGPS interest cost	(A)	(51,000)
Net movement in funds reported under FRS 102		<u>(319,989)</u>

Explanation of changes to previously reported funds and net income/expenditure:

(A) Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £51,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.