

Company Registration No. 07928558 (England and Wales)

**PARKSIDE ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**

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



# PARKSIDE ACADEMY

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

D Kingston  
R B Nelson  
D Liddle  
L Thompson  
E Blackett

### Governors

L Davies (Accounting Officer)  
G Hardy  
R Wolff  
J Buckham (Resigned 29 February 2016)  
A Rowell (Resigned 29 February 2016)  
D Kingston (Chair)  
K Henfrey (Resigned 29 February 2016)  
D Liddle  
R Nelson  
J Deller  
O Gunn  
A Horner  
S Lipscombe  
E Graham (Resigned 29 February 2016)  
K Armstrong  
G Smith  
E Blackett  
S Robson  
M Sheppard  
L Thompson  
K Reynolds  
E Chadwick (Appointed 15 March 2016)  
F Tinsley (Appointed 15 March 2016)

### Senior management team

- Headteacher
- Deputy Headteacher
- Deputy Headteacher
- Business Manager
- Deputy Headteacher

L A Davies  
C Hughes (retired 31 August 2016)  
A Wise (retired 31 March 2016)  
C Oates  
S Gregory

### Company secretary

C Oates

### Company registration number

07928558 (England and Wales)

### Registered office

Hall Lane Estate  
Willington  
Crook  
County Durham  
DL15 0QF

# **PARKSIDE ACADEMY**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

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**Independent auditor**                      RSM UK Audit LLP  
1 St James' Gate  
Newcastle upon Tyne  
NE1 4AD

**Bankers**                                        Lloyds Bank  
32 Newgate Street  
Town Centre  
Bishop Auckland  
DL14 7EG

**Solicitors**                                    Ward Hadaway  
Sandgate House  
102 Quayside  
Newcastle upon Tyne  
NE 3DX

# **PARKSIDE ACADEMY**

## **GOVERNORS' REPORT**

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

### **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 company was incorporated on 30 January 2012 and converted to Academy status on 1 March 2012.

The members are the trustees of Parkside Academy and are also the directors of the charitable company for the purposes of company law. Details of the Governors who served during the year are included in the Reference and Administrative Details on page 1.

#### **Members' liability**

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

#### **Governors' indemnities**

Companies Act 2006 section 236 requires disclosure concerning qualifying third party indemnity provisions. As required in the Academy's Articles of Association indemnity insurance with Zurich International has been taken out to cover the liability of Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Academy. Provided that any such insurance shall not extend to any claim arising from any act or omission which the Governors knew to be a breach of trust or breach of duty or which was committed by the Governors in reckless disregard of whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Governors in their capacity as Governors.

# PARKSIDE ACADEMY

## GOVERNORS' REPORT (CONTINUED)

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### **Method of recruitment and appointment or election of Governors**

The number of Governors shall be at least three, with no maximum.

The Academy Trust shall have the following Governors:-

- a. Up to 1 member Governor;
- b. Up to 7 parent Governors;
- c. Up to 4 staff Governors;
- d. Up to 9 community Governors;
- e. The Principal; and
- f. Any additional or further Governors (if appointed as per the Articles of Association).

The Academy Trust may also have any Co-opted Governors appointed as per the Articles of Association.

The Academy has the following Governors:

L Davies  
G Hardy  
R G Wolff  
D P Kingston (Chair)  
D G Liddle  
R B Nelson  
J Deller  
O E Gunn  
A Horner  
S Lipscombe  
K Armstrong  
G Smith  
E C Blackett  
S Robson  
M Sheppard  
L Thompson  
K Reynolds  
E Chadwick  
F Tinsley

The following people served as Governors for part of the year but were not governors at the time of approval of the financial statements:

J Buckham  
A Rowell  
K Henfrey  
E Graham

### **Appointment of additional governors**

The Secretary of State may give a warning notice to the Governors where he is satisfied:-

- i. that the standards of performance of pupils at the Academy are unacceptably low, or
- ii. that there has been a serious breakdown in the way the Academy is managed or governed, or
- iii. that the safety of pupils or staff of the Academy is threatened (whether by a breakdown of discipline or otherwise).

For the purposes of Article 60 a 'warning notice' is a notice in writing by the Secretary of State to the Academy delivered to the Office setting out:-

- a) the matters referred to in Article 60;
- b) the action which he requires the Governors to take in order to remedy those matters; and
- c) the year within which that action is to be taken by the Governors ('the compliance year').

# **PARKSIDE ACADEMY**

## **GOVERNORS' REPORT (CONTINUED)**

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The Secretary of State may appoint such Additional Governors as he thinks fit if the Secretary of State has:

- a) given the Governors a warning notice in accordance with Article 60; and
- b) the Governors have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction within the compliance year.

The Secretary of State may also appoint such Additional Governors where following an Inspection by the Chief Inspector in accordance with the Education Act 2005 (an "Inspection") the Academy receives an Ofsted grading (being a grade referred to in The Framework for School Inspection or any modification or replacement of that document for the time being in force) which amounts to a drop, either from one Inspection to the next Inspection or between any two Inspections carried out within a 5 year period, of two Ofsted grades. For the purposes of the foregoing the grade received by Parkside Academy shall be regarded as the grade received by the Academy.

The Secretary of State may also appoint such Further Governors as he thinks fit if a Special Measures Termination Event (as defined in the Funding Agreement) occurs in respect of the Academy.

Within 5 days of the Secretary of State appointing any Additional or Further Governors in accordance with Articles 62, 62A or 63, any Governors appointed under Article 50 and holding office immediately preceding the appointment of such Governors, shall resign immediately and the Members' power to appoint Governors under Article 50 shall remain suspended until the Secretary of State removes one or more of the Additional or Further Governors.

### **Terms of Office**

All governors have a four year term of office from the date they were appointed.

### **Policies and procedures adopted for the induction and training of governors**

The Academy takes its responsibility to train new governors very seriously and therefore have developed a procedure to follow.

The induction includes:

- A tour of the school by a member of the senior team to include a briefing on our core purpose and values;
- Meet staff and students on the tour;
- Meet with the Head Teacher and Chair of Governors.

Documentation supplied will include Governors handbook, last Ofsted Report, previous minutes of the full Governing Body, list of governors, list of sub committees (and terms of reference /membership), calendar of governor meetings and training available.

Governor Training is provided via the Service Level Agreement and Governor Support with Durham County Council and also by professional advisors in specific areas.

### **Organisational structure**

The Academy's Principal is the Accounting Officer. Her main task is to execute the policies agreed by the Academy in relation to its education functions and to bring forward for approval, proposals for further improving the quality of educational experience of the Academy's students. The Academy Governing Body has delegated the Principal extensive powers to make decisions quickly and efficiently in respect of the Principal's responsibilities. There is a senior management team consisting of L Davies, C Hughes, A Wise, S Gregory and C Oates and is supported by other members of the leadership team being S Roe, C Taylor, S Woollams, G Sowerby, K Armstrong and S Robson.

The Governing Body ensure good governance of the Academy and set policies. It can also question implementation of policies where relevant. The Governing Body has a Resources and Governance Committee, an Education Committee and a Personnel Committee with specific duties relating to their function. The Committees have delegated powers so that action can be taken quickly whenever necessary. Further ad hoc committees are set up from time to time to advise the Governing Body on very specific matters. These have advisory powers only.

The Governing Body has a Governor who was a member of the Education and Personnel Committees with financial expertise who is the Responsible Officer, S Lipscombe.

# **PARKSIDE ACADEMY**

## **GOVERNORS' REPORT (CONTINUED)**

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

The Board of Trustees will ensure that the process of determining the remuneration of Key Management Personnel is fair and transparent. Parkside Academy follows a Pay Policy which is endorsed annually by the Members with regards to the setting of Key Management Personnel pay.

Decisions made regarding pay progression will be made with reference to the teachers' Performance Management Policy and having regard to the results of the most recent Performance Management Report and pay recommendation.

At a performance management meeting, comprising of Performance Management Governors, School Improvement Partner and Key Management Personnel, pay recommendations are presented to the committee along with evidence of targets met with guidance from the School Improvement Partner. Progress will only be considered where there has been sustained high quality performance.

### **Related parties and co-operation with other organisations**

The Academy is not part of any wider network or Federation. Details of related parties include (and further information given in note 25.

### **OBJECTIVES AND ACTIVITIES**

The Academy exists to ensure that standards of education provision at the Academy are high and that the leadership and management of the academy develop them still further. There is an obligation on the Academy to support school improvement elsewhere across the country providing there is no detrimental effect on the quality of education provision in the Academy.

The Governing Body meets termly and has committees supporting the detail of its work.

### **Objects and aims**

The Academy Trust's object is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

### **Objectives, strategies and activities**

Following consultation of the school's current strategic objectives by the Governors on conversion, the areas outlined below were agreed:-

- Improve still further the quality of teaching & learning to meet the needs of all our pupils
- To continue to raise standards of attainment across all subjects
- To develop leadership and management skills across the school
- To link home and school through the development of a learning community
- To develop the school's learning environment, including the building

### **Public benefit**

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our Aims and Objectives and in planning our future activities. In particular, the Governors consider how planned activities will contribute to the aims and objectives they have set. The Academy has provided a fully comprehensive education to all students in its care. It fully complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role.

# **PARKSIDE ACADEMY**

## **GOVERNORS' REPORT (CONTINUED)**

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### **STRATEGIC REPORT**

#### **Achievements and performance**

Parkside continues to confirm its 'outstanding' Ofsted status with excellent 2016 GCSE results.

80% of pupils achieved at least a grade C in Maths and/or English and the 'Basics' measure of 71% having a C+ in both Maths and English places us well above national averages for raw attainment.

Progress at 3 levels and 4 levels in Maths and English remains very strong and is likely to be significantly above national averages. Parkside has a 3 year track record of exceptional progress within English and this year Maths has also demonstrated exceptional progress.

The school has a proven track record of addressing achievement issues over the last 10 years. Capacity is at least good in all of the core subjects with future potential for outstanding outcomes as more consistent high quality teaching and learning moves through from key stage 3-4.

The Head teacher, Leadership Team, staff and Governors are passionate about achieving the very best for every pupil. This includes their personal development, behaviour and welfare. Their commitment through programmes such as 'Thrive' strongly promotes the need for pupils to be thoughtful caring active citizens in school and wider society.

The excellent teaching and learning that takes place at Parkside is becoming increasingly recognised in the community and is confirmed by the rise in pupil numbers for 2016 to 2017, where we are oversubscribed.

The Local Authority has used The Head teacher to support schools in need and thus support the outcomes of a larger number of students within the Authority.

#### **Financial review**

Most of the Academy's income is obtained from DfE/EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2016 total expenditure of £4,882,447 was incurred. The excess of total expenditure over income for the year (prior to other gains/losses) was £265,017, this deficit includes depreciation of £224,944 which leaves a deficit of £40,073.

At 31 August 2016 the net book value of fixed assets was £5,500,348 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

There is a proactive Resources and Governance Committee that meets each term to look in depth at the financial situation, review policies and procedures, agree the annual budget and report back to full Governors.

In addition to this there is a sub-committee consisting of 3 members of the Resources and Governance Committee, the "Audit Committee", that meet three times each term and looks in depth at the income and expenditure, bank reconciliations, departmental spending and balance sheets; this sub-committee then report back to the Resources and Governance Committee.



# PARKSIDE ACADEMY

## GOVERNORS' REPORT (CONTINUED)

### Financial and risk management objectives and policies

The Academy's policy is to adopt best practice in the identification, evaluation and effective control of risks to ensure they are managed to an acceptable level. It is acknowledged that some risks will always exist and will never be eliminated. The specific procedures for the implementation of this policy and the personnel responsible are detailed below.

The Governing Body is responsible for making a statement on risk management in the annual accounts of the Academy Trust. In order to be able to make the required statement with reasonable confidence, the Governors should ensure that:

- the identification, assessment and mitigation of risk is linked to the achievement of the Academy Trust's vision and strategic goals as set out in the Academy's Development Plan
- the process covers all areas of risk e.g. governance and management, operational, financial, reputational and external factors and is focused primarily on major risks
- the process produces a risk exposure profile that reflects the Governors views as to levels of acceptable risk
- the principal results of risk identification are reviewed, evaluated and managed; and that risk management is ongoing and embedded in management and operation procedure

The Academy minimises the risk to the financial wellbeing and good reputation of the school by recognising and minimising risk to the Governance, management and fabric of the school.

There are four principle operational risks and uncertainties relating to the Trust:

Risk	Mitigation
1. The future level of funding of education is uncertain in the current economic climate.	This is mainly outside the control of the Trustees, but they engage with the Education Funding Agency about funding when such opportunities arise.
2. The finances of the Academy are highly sensitive to the number of pupils who are enrolled each year.	The Trustees and Head teacher are confident that the examination successes and enhanced reputation of the Academy will enable them to attract an increased number of pupils. The Academy works hard with their cluster of primary schools, projected pupil numbers and the associated financial implications are closely monitored.
3. Any future increases in the costs of funding the Teachers' Pension Scheme and their Local Government funding. Pension Schemes are wholly outside the control of the trustees.	The Trustees liaise with each of the pension schemes to understand and plan for potential increases in costs.
4. The Trustees have a long term commitment to maintain the building estates of the Academy.	The Trust has a robust premises strategy to manage this obligation, but it is dependent on the receipt of appropriate financial support from the Education Funding Agency.

### Reserves policy

The governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors have determined that the appropriate level of free reserves should be equivalent to 4 weeks expenditure, approximately £350,000. The reason for this is to provide a sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £230,695 which is less than is needed. The Academy intends to continue building up free reserves to the level needed.

The Academy held fund balances at 31 August 2016 of £3,336,320 comprising of £5,364,625 of restricted funds, a pension reserve deficit of £2,259,000 and £230,695 unrestricted general funds.

# PARKSIDE ACADEMY

## GOVERNORS' REPORT (CONTINUED)

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### Investment policy

The Investment Policy is in place to ensure that investments are always safe, and are in place only to finance future large projects. The Academy recognises and agrees that all money received from EFA is to fund the education of the current students and the Academy should not hold large reserves/investments to the detriment of current pupils.

### Key performance indicators

- The average number of persons (including senior management team) employed by the Academy during the year ended 31 August 2016 was as follows:
  - 47 Teachers
  - 52 Administration and support
  - 5 Management
- The restricted GAG income received in the year ending 31 August 2016 was £3,972,887.
- The unrestricted surplus carried forward is £230,695 at 31 August 2016.

### Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing its financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

### **Plans for future periods**

#### Educational

- The Trust will continue to improve the levels of attainment for all pupils so that they are in line with or above national average
- Ensure disadvantaged pupils make better progress than pupils nationally and their attainment is in line with or above national average
- Continue to increase pupil numbers so that the Academy continues to be oversubscribed on entry
- Continue to invest in educational and infrastructure projects that impact directly on pupil outcomes
- Continue to develop the Trust Continued Professional Learning (CPL) programme so that staff are highly trained and the school has sustainable leadership and staffing.

#### Growth

- The Trust has a desire to grow from a Single Academy Trust (SAT) to a Multi Academy Trust (MAT) and take on schools which fit the ethos of the Trust.
- The MAT will focus on raising standards and delivering educational excellence in its Trust schools.

The Academy currently has Capital Funding bids under consideration for :

- Curtain walls to the three story building
- Renovations to kitchen extraction units

### **Principal risks and uncertainties**

A review identifying the major risks to which the Academy is exposed, as identified by the Governors, is undertaken annually, and systems or procedures established to manage those risks.

# **PARKSIDE ACADEMY**

## **GOVERNORS' REPORT (CONTINUED)**

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The Governors recognise and accept their corporate responsibility to provide a safe and secure environment for children, employees and visitors to Parkside Academy.

- Where appropriate the Governors will seek any necessary expert advice to determine the security risks and precautions required to deal with them.
- The Governing Body will provide staff with enough resources, information and training to implement the security procedures.

The Governing Body will, where appropriate, be informed of breaches and failures to enable them to take any corrective action as is necessary to ensure the safety of children.

### **AUDITOR**

RSM UK Audit LLP has indicated its willingness to continue in office.

### **Statement as to disclosure of information to auditor**

In so far as the Governors are aware:

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

The Governors' report is approved by order of the Governing Body and the strategic report (included therein) is approved by the Governing Body in their capacity as the directors at a meeting on 01 November 2016 and signed on its behalf by:



D Kingston  
Chair

# PARKSIDE ACADEMY

## GOVERNANCE STATEMENT

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### Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Principal, 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 Parkside Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### Governance

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

<b>Governors</b>	<b>Meetings attended</b>	<b>Out of possible</b>
L Davies (Accounting Officer)	3	3
G Hardy	2	3
R Wolff	2	3
J Buckham (Resigned 29 February 2016)	1	2
A Rowell (Resigned 29 February 2016)	0	2
D Kingston (Chair)	3	3
K Henfrey (Resigned 29 February 2016)	2	2
D Liddle	2	3
R Nelson	2	3
J Deller	3	3
O Gunn	3	3
A Horner	2	3
S Lipscombe	2	3
E Graham (Resigned 29 February 2016)	0	2
K Armstrong	3	3
G Smith	3	3
E Blackett	3	3
S Robson	3	3
M Sheppard	3	3
L Thompson	2	3
K Reynolds	2	3
E Chadwick (Appointed 15 March 2016)	2	2
F Tinsley (Appointed 15 March 2016)	2	2

The Resources and Governance Committee is a sub-committee of the main governing body. Its purpose is to look at the financial position of the academy and report back at full Governors meetings. This committee also reviews and agrees financial policies and procedures. There is also an Audit Committee that meets three times per term to look at the financial reports in depth, question the financial decisions and ensure a healthy financial position is maintained. Attendance at meetings (including members and observers) in the year is as follows:

# PARKSIDE ACADEMY

## GOVERNANCE STATEMENT (CONTINUED)

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Governors	Meetings attended	Out of possible
L Davies (Accounting Officer)	3	3
G Hardy	2	3
A Rowell (Resigned 29 February 2016)	0	2
D Kingston (Chair)	3	3
K Henfrey (Resigned 29 February 2016)	2	2
R Nelson	1	3
S Lipscombe	2	3
S Robson	1	3
L Thompson	3	3
E Chadwick (Appointed 15 March 2016)	1	1
F Tinsley (Appointed 15 March 2016)	0	1

### Review of value for money

As accounting officer the chief executive has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

### Improving educational results

It is essential that the academy is effective in meeting the needs of an increasing and diversified school population.

Developments in teaching and learning are a constant focus for the Academy, Continued Professional Learning (CPL) and appraisal systems ensure that appropriately skilled teaching and support staff can provide the support required for each pupil and that the Academy can deploy staff efficiently to support curriculum improvements.

Focused classroom observations take place throughout the year with the findings integrated into future CPL programmes. Effective monitoring and scrutiny of work also ensure educational standards are maintained.

The Academy has robust processes in place for monitoring progress against the School Improvement and the Self Evaluation Cycle both which support the achievement of planned improvements, where necessary, the Academy will take appropriate corrective action to ensure that educational standards continue to improve and that pupils achieve their full potential.

The Academy has improved its focus on individual pupils through the introduction of focused tracking processes and targeted deployment of resources which allows differentiation to be achieved. The Academy offers pupils a comprehensive pupil support service and specialist learning provision.

Annual review of the curriculum ensures that the needs of each pupil are met and investment in infrastructure and resources are incorporated into the financial budget to enable the continuation of outcomes.

# **PARKSIDE ACADEMY**

## **GOVERNANCE STATEMENT (CONTINUED)**

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### **Financial governance and oversight**

The Governing Body challenge both standards and attainment levels, in addition to this the Academy's external School Improvement Partner works in conjunction with the Head teacher to ensure continued improvement and reports to the Governing Body on progress.

The Governing Body has a strong oversight of the financial management of the budget and related processes. The Resources and Governance Committee meet regularly to review the current and future financial position of the academy trust, to receive reports and to challenge decisions. The external Responsible Officer tests our internal controls and reports finding into the Resources and Governance Committee. The academy trust has a clearly defined level of delegation on expenditure and takes the necessary steps to achieve best value in procurement.

The budget is approved by the Governing Body each year and is mindful of the need to balance expenditure against income to ensure the academy trust remains a 'going concern'. The Governing Body also receives and approves the external auditors Annual Report & Financial Statements and Management Letter.

### **Fitness for purpose**

The academy trust has a cycle of review for its on-going services from external organisations to ensure those services continue to meet the needs of the school, are the best available to us at that time, and offer good value for money.

### **Lessons learned**

The academy trust continues to challenge our way of working to deliver better outcomes for pupils and a more efficient use of resources. The external environment and pressure on funding going forward make this increasingly important. Our continued curriculum development to support high pupil achievement remains our top priority, and the academy trust recognises that getting best value from finite resources in order to support this is essential.

### **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 Parkside Academy for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is an informal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ending 31 August 2016 and up to the date of approval of the annual report and financial statements. Formal consideration of the risk register and policy was made by Governors in November 2016.

# PARKSIDE ACADEMY

## GOVERNANCE STATEMENT (CONTINUED)

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### **The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Finance and General Purposes 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; and
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed S Lipscombe, a governor, to perform a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems;
- testing of procurement processes; and
- testing of control accounts

The reviewer reports to the Resources and Governance Committee on the operation of the systems of control and on the discharge of the governors financial responsibilities.

### **Review of effectiveness**

As accounting officer the principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

Approved by order of the Governing Body on 01 November 2016 and signed on its behalf by:



L Davies  
Accounting Officer



D Kingston  
Chair

## **PARKSIDE ACADEMY**

### **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

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As accounting officer of Parkside Academy I have considered my responsibility to notify the academy trust Governing Body 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's Governing Body 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 Governing Body and EFA.



L Davies  
**Accounting Officer**

01 November 2016



# PARKSIDE ACADEMY

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

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The Governors (who act as trustees for Parkside Academy and are also the directors of Parkside Academy for the purposes of company law) are responsible for preparing the Governors' Report (including the strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Governing Body on 01 November 2016 and signed on its behalf by:



D Kingston  
Chair

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARKSIDE ACADEMY YEAR ENDED 31 AUGUST 2016**

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We have audited the financial statements of Parkside Academy for the year ended 31 August 2016 set out on pages 19 to 40. 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 2015/6 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Governors and auditor**

As explained more fully in the statement of Governors' responsibilities set out on page 16, the Governors (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015/6 issued by the Education Funding Agency.

### **Opinion on other requirement of the Companies Act 2006**

In our opinion the information given in the Governors' report and the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARKSIDE ACADEMY  
(CONTINUED)**

**YEAR ENDED 31 AUGUST 2016**

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**Matters on which we are required to report by exception**

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

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

*RSM UK Audit LLP*

Claire Leece BA (Hons) ACA CA (Senior Statutory Auditor)  
for and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
1 St James' Gate  
Newcastle upon Tyne  
NE1 4AD

Dated: *12/12/16*

# PARKSIDE ACADEMY

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed asset Funds £	Total 2016 £	Total 2015 £
<b>Income and endowments from:</b>						
Donations and capital grants	3	-	-	15,846	15,846	167,440
Charitable activities:						
- Funding for educational operations	4	-	4,321,079	-	4,321,079	4,135,531
Other trading activities	5	221,189	58,172	-	279,361	403,569
Investments	6	1,144	-	-	1,144	1,314
<b>Total income and endowments</b>		<u>222,333</u>	<u>4,379,251</u>	<u>15,846</u>	<u>4,617,430</u>	<u>4,707,854</u>
<b>Expenditure on:</b>						
Raising funds	7	195,622	-	-	195,622	239,629
Charitable activities:						
- Educational operations	8	-	4,461,881	224,944	4,686,825	4,749,677
<b>Total expenditure</b>	7	<u>195,622</u>	<u>4,461,881</u>	<u>224,944</u>	<u>4,882,447</u>	<u>4,989,306</u>
<b>Net income/(expenditure)</b>		26,711	(82,630)	(209,098)	(265,017)	(281,452)
Transfers between funds		(39,311)	12,630	26,681	-	-
<b>Other recognised gains and losses</b>						
Remeasurement of net defined benefit obligations	24	-	(1,057,000)	-	(1,057,000)	64,000
<b>Net movement in funds</b>		<u>(12,600)</u>	<u>(1,127,000)</u>	<u>(182,417)</u>	<u>(1,322,017)</u>	<u>(217,452)</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		243,295	(1,132,000)	5,547,042	4,658,337	4,875,789
Total funds carried forward		<u>230,695</u>	<u>(2,259,000)</u>	<u>5,364,625</u>	<u>3,336,320</u>	<u>4,658,337</u>

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

	Notes	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	12	5,500,348	5,701,391
<b>Current assets</b>			
Debtors	13	135,520	224,889
Cash at bank and in hand		470,188	304,781
		605,708	529,670
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	14	(402,159)	(305,000)
<b>Net current assets</b>		203,549	224,670
<b>Total assets less current liabilities</b>		5,703,897	5,926,061
Creditors: amounts falling due after more than one year	15	(108,577)	(135,724)
<b>Net assets excluding pension liability</b>		5,595,320	5,790,337
Defined benefit pension liability	24	(2,259,000)	(1,132,000)
<b>Net assets</b>		3,336,320	4,658,337
<b>Funds of the academy trust:</b>			
<b>Restricted funds</b>	18		
- Restricted fixed asset funds		5,364,625	5,547,042
- Pension reserve		(2,259,000)	(1,132,000)
<b>Total restricted funds</b>		3,105,625	4,415,042
<b>Unrestricted income funds</b>	18	230,695	243,295
<b>Total funds</b>		3,336,320	4,658,337

The financial statements set out on pages 19 to 40 were approved by the Governing Body and authorised for issue on 01 November 2016 and are signed on its behalf by:



D Kingston  
Chair

# PARKSIDE ACADEMY

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

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by (used in) operating activities	21		199,464		(401,919)
<b>Cash flows from investing activities</b>					
Interest received		1,144		1,314	
Capital grants from DfE and EFA		15,846		167,440	
Payments to acquire tangible fixed assets		(23,901)		(80,706)	
			(6,911)		88,048
<b>Cash flows from financing activities</b>					
Repayment of other loan		(27,146)		(27,146)	
			(27,146)		(27,146)
<b>Change in cash and cash equivalents in the reporting period</b>			165,407		(341,017)
Cash and cash equivalents at beginning of the year			304,781		645,798
<b>Cash and cash equivalents at end of the year</b>			470,188		304,781

# PARKSIDE ACADEMY

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

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### 1 Accounting policies

Parkside Academy is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Governors' report.

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.

#### **Basis of preparation**

The financial statements of the academy trust 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 financial statements 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.

Parkside Academy meets the definition of a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are presented in sterling which is also the financial currency of the Academy Trust. Monetary amounts in these financial statements are rounded to the nearest £1, except where otherwise indicated.

#### **Transition to FRS 102**

These financial statements are the first financial statements of Parkside Academy prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Parkside Academy for the year ended 31 August 2015 were prepared in accordance with previous General 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.

Reconciliations to previous UK GAAP for the comparative figures are included in note 26.

#### **Going concern**

The Governors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Governors 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.

#### **Income**

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

#### Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

# PARKSIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 1 Accounting policies (Continued)

General Annual Grant is recognised in full in the statement of financial activities in the period 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.

#### Other income

Other income, including catering income and school trips, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

#### Interest Receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

#### **Expenditure**

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

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

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

#### Charitable activities

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

#### **Tangible fixed assets and depreciation**

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require 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.



# PARKSIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 1 Accounting policies (Continued)

Depreciation is provided on all tangible fixed assets other than freehold land, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold buildings	Straight line over 50 years
Computer equipment	Straight line over 3 years
Fixtures and fittings	Straight line over 3 years

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.

#### **Financial Instruments**

The academy trust has chosen to adopt section 11 of FRS 102 in full in respect of financial instruments.

#### *Financial assets and liabilities*

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

#### **Liabilities**

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

#### **Leased assets**

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

#### **Taxation**

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

#### **Pensions benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer defined benefit schemes.

# **PARKSIDE ACADEMY**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016**

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### **1 Accounting policies (Continued)**

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is a multi-employer scheme but 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 are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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 net income 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.

#### **Fund accounting**

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

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

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

#### **Termination benefits**

Termination benefits that encourage employees to leave service voluntarily are recognised when employees accept the Academy trust's offer to those benefits. Termination benefits provided as a result of the Academy terminating employment are recognised when the Academy trust has communicated its plan of termination to the affected employees.

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

Accounting 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.

# PARKSIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 1 Accounting policies (Continued)

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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 Critical accounting estimates and areas of judgement

Accounting 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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.

#### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Capital grants	-	15,846	15,846	167,440

The income from donations and capital grants was £15,846 (2015: £167,440) of which £15,846 was restricted fixed assets (2015: £167,440).

# PARKSIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	3,972,887	3,972,887	3,749,128
Other DfE / EFA grants	-	324,938	324,938	362,764
	-	4,297,825	4,297,825	4,111,892
<b>Other government grants</b>				
Local authority grants	-	23,254	23,254	23,639
<b>Total funding</b>	-	4,321,079	4,321,079	4,135,531

The income from funding for educational operations was £4,321,079 (2015: £4,135,531) of which £4,321,079 was restricted (2015: £4,135,531).

Other DfE/EfA grants are made up of pupil premium and year 7 catch up grants. Local Authority grants are in relation to pupil transfers. There are no unfulfilled conditions or contingencies for grants recognised in the period.

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Lettings income	19,724	-	19,724	4,777
Catering income	140,481	-	140,481	123,765
School trips	60,984	-	60,984	100,876
Other income	-	58,172	58,172	174,151
	221,189	58,172	279,361	403,569

The income from other trading activities was £279,361 (2015: £403,569) of which £221,189 was unrestricted (2015: £229,418) and £58,172 was restricted (2015: £174,151).

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	1,144	-	1,144	1,314

The income from funding for investment income was £1,144 (2015: £1,314) of which £1,144 was unrestricted (2015: £1,314).

# PARKSIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 7 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2016 £	Total 2015 £
Expenditure on raising funds	-	-	195,622	195,622	239,629
Academy's educational operations					
- Direct costs	2,808,442	224,944	220,935	3,254,321	3,126,926
- Allocated support costs	738,757	164,098	529,649	1,432,504	1,622,751
<b>Total expenditure</b>	<b>3,547,199</b>	<b>389,042</b>	<b>946,206</b>	<b>4,882,447</b>	<b>4,989,306</b>

The expenditure on raising funds was £195,622 (2015: £239,629) of which £195,622 was unrestricted (2015: £239,629).

<b>Net income/(expenditure) for the year includes:</b>	<b>2016 £</b>	<b>2015 £</b>
Fees payable to auditor		
- Audit	10,896	11,480
- Other services	11,407	8,052
Operating lease rentals	8,680	8,680
Net interest on defined benefit pension liability	41,000	40,000
Depreciation of tangible fixed assets	224,944	215,633

Included within expenditure are the following transactions:

	<b>2016 £</b>
Unrecoverable debts - total	1,920

# PARKSIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 8 Charitable activities

	2016 £	2015 £
<b>All from restricted funds:</b>		
Direct costs - educational operations	3,254,321	3,126,926
Support costs - educational operations	1,432,504	1,622,751
	<u>4,686,825</u>	<u>4,749,677</u>

The expenditure on educational operations was £4,686,825 (2015: £4,749,677) of which £4,461,881 was restricted (2015: £4,534,044) and £224,944 was restricted fixed assets (2015: £215,633).

	2016 £	2015 £
<b>Analysis of support costs</b>		
Support staff costs	738,757	701,677
Premises costs	164,098	434,105
Other support costs	505,909	457,832
Governance costs	23,740	29,137
	<u>1,432,504</u>	<u>1,622,751</u>

### 9 Staff costs

	2016 £	2015 £
Wages and salaries	2,766,840	2,722,316
Social security costs	231,119	177,827
Other pension costs	481,000	363,999
	<u>3,478,959</u>	<u>3,264,142</u>
Total staff costs	3,478,959	3,264,142
Supply staff costs	25,232	61,410
Staff restructuring costs	17,178	12,040
Staff development and other staff costs	25,830	23,893
	<u>3,547,199</u>	<u>3,361,485</u>

#### Staff numbers

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

	2016 Number	2015 Number
Teachers	47	48
Administration and support	52	50
Management	5	5
	<u>104</u>	<u>103</u>

# PARKSIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 9 Staff costs (Continued)

#### Higher paid staff

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

	2016 Number	2015 Number
£60,001 - £70,000	-	2
£70,001 - £80,000	1	-
£110,001 - £120,000	1	1
	<u>1</u>	<u>1</u>

#### Key management personnel

The key management personnel of the academy trust comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the academy trust was £415,358 (2015: £459,207).

### 10 Governors' remuneration and expenses

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

The value of Governors' remuneration and other benefits was as follows:

L A Davies, the principal received remuneration of £111,546 (2015: £111,303) and is accruing retirement benefits under the Teachers' Pension Scheme. Contributions paid in the year amounted to £18,383 (2015: £14,675).

The annual value of staff governor's remuneration was £125,926 (2015: £131,145). Staff governors are accruing retirement benefits under the Teachers' Pension Scheme and the Local Government Pension Scheme. Contributions paid in the year into the Teachers' Pension Scheme amounted to £15,304 and into the Local Government Pension Scheme amounted to £5,005 (2015: £18,805).

During the year ended 31 August 2016, travel and subsistence expenses totalling £nil (2015: £nil) were reimbursed to Governors.

Related party transactions involving the Governors are set out in note 25.

### 11 Governors and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £923 (2015: £ 949). The cost of this insurance is included in the total insurance cost.

# PARKSIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 12 Tangible fixed assets

	Freehold buildings £	Computer equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 September 2015	5,830,963	126,626	274,667	6,232,256
Additions	-	7,301	16,600	23,901
At 31 August 2016	5,830,963	133,927	291,267	6,256,157
<b>Depreciation</b>				
At 1 September 2015	372,638	51,727	106,500	530,865
Charge for the year	106,468	29,048	89,428	224,944
At 31 August 2016	479,106	80,775	195,928	755,809
<b>Net book value</b>				
At 31 August 2016	5,351,857	53,152	95,339	5,500,348
At 31 August 2015	5,458,325	74,899	168,167	5,701,391

### 13 Debtors

	2016 £	2015 £
Trade debtors	3,950	73,594
Other debtors	36,603	39,226
Prepayments and accrued income	94,967	112,069
	135,520	224,889

### 14 Creditors: amounts falling due within one year

	2016 £	2015 £
Salix Loan	27,147	27,146
Trade creditors	71,172	52,468
Other taxation and social security	55,677	66,064
EFA creditors	77,428	77,428
Other creditors	97,137	49,138
Accruals and deferred income	73,598	32,756
	402,159	305,000

Salix funding is being repaid in twice yearly instalments.



# PARKSIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

<b>15 Creditors: amounts falling due after more than one year</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Other loans	108,577	135,724
	<u>108,577</u>	<u>135,724</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	135,724	162,870
Less: included in current liabilities	(27,147)	(27,146)
	<u>108,577</u>	<u>135,724</u>
Amounts included above	108,577	135,724
	<u>108,577</u>	<u>135,724</u>
<b>Loan maturity</b>		
Debt due in one year or less	27,147	27,146
Due in more than one year but not more than two years	27,147	27,147
Due in more than two years but not more than five years	81,430	81,430
Due in more than five years	-	27,147
	<u>135,724</u>	<u>162,870</u>
	<u>135,724</u>	<u>162,870</u>
Other loans relate to Salix funding which is being repaid in twice yearly instalments.		
<b>16 Deferred income</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Deferred income is included within:		
Creditors due within one year	18,369	-
	<u>18,369</u>	<u>-</u>
Amounts deferred in the year	18,369	-
	<u>18,369</u>	<u>-</u>
<b>Deferred income at 31 August 2016</b>	<b>18,369</b>	<b>-</b>
	<u>18,369</u>	<u>-</u>

At the balance sheet date the academy trust was holding funds received in advance in relation rates relief.

# PARKSIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 17 Financial instruments

	2016 £	2015 £
<b>Carrying amount of financial assets</b>		
Financial assets measured at amortised cost through income and expenditure	477,709	447,601
<b>Carrying amount of financial liabilities</b>		
Financial liabilities measured at amortised cost through income and expenditure	(455,718)	(440,724)

### 18 Funds

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses & transfers £	Balance at 31 August 2016 £
<b>Restricted general funds</b>					
General Annual Grant	-	3,972,887	(3,985,517)	12,630	-
Other DfE / EFA grants	-	324,938	(324,938)	-	-
Other government grants	-	23,254	(23,254)	-	-
Other restricted funds	-	58,172	(58,172)	-	-
Funds excluding pensions	-	4,379,251	(4,391,881)	12,630	-
Pension reserve	(1,132,000)	-	(70,000)	(1,057,000)	(2,259,000)
	(1,132,000)	4,379,251	(4,461,881)	(1,044,370)	(2,259,000)
<b>Restricted fixed asset funds</b>					
DfE / EFA capital grants	67,962	15,846	(107,920)	26,681	2,569
Inherited funds	5,310,781	-	(113,430)	-	5,197,351
Capital expenditure from GAG	168,299	-	(3,594)	-	164,705
	5,547,042	15,846	(224,944)	26,681	5,364,625
<b>Total restricted funds</b>	4,415,042	4,395,097	(4,686,825)	(1,017,689)	3,105,625
<b>Unrestricted funds</b>					
General funds	243,295	222,333	(195,622)	(39,311)	230,695
<b>Total funds</b>	4,658,337	4,617,430	(4,882,447)	(1,057,000)	3,336,320

# PARKSIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 18 Funds (Continued)

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

**General Annual Grant** - General Annual Grant must be used for the normal running of the Academy. The funding agreement does not include a limit on the GAG available to carry forward.

**Other DfE/EfA Grants and other government grants** - Other DfE/EFA grants comprise pupil premium targeted at disadvantaged pupils.

**Other restricted funds** - Income from a variety of sources, expended in the year.

**Pension reserve** - The costs and income associated with the defined benefit pension schemes have been recorded in the restricted fund. Staff costs are paid from this fund including contributions to the LGPS, hence the pension liability has been aligned with these funds.

**DfE/EFA Capital Grant** - The income relates to capital funding which has been received from the EFA for utilisation on building improvements and refurbishments.

**Inherited funds** - This balance is the main school premises and existing computer equipment to be depreciated over their useful economic lives.

**Capital expenditure from GAG** - The balance represents the total expenditure from GAG. Depreciation is charged to the fund over the life of the related assets.

**Unrestricted Funds** - Unrestricted funds can be used for any purpose, at the discretion of the Governors, within the objects of the academy trust.

### 19 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2016
	£	£	£	£
<b>Fund balances at 31 August 2016 are represented by:</b>				
Tangible fixed assets	-	-	5,500,348	5,500,348
Current assets	230,695	375,013	-	605,708
Creditors falling due within one year	-	(375,013)	(27,146)	(402,159)
Creditors falling due after one year	-	-	(108,577)	(108,577)
Defined benefit pension liability	-	(2,259,000)	-	(2,259,000)
	<u>230,695</u>	<u>(2,259,000)</u>	<u>5,364,625</u>	<u>3,336,320</u>

# PARKSIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 20 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016 £	2015 £
Amounts due within one year	8,680	8,680
Amounts due between one and five years	19,530	28,210
	<u>28,210</u>	<u>36,890</u>

### 21 Reconciliation of net expenditure to net cash flows from operating activities

	2016 £	2015 £
Net expenditure for the reporting period	(265,017)	(281,452)
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(15,846)	(167,440)
Interest receivable	(1,144)	(1,314)
Defined benefit pension scheme cost less contributions payable	29,000	8,000
Defined benefit pension scheme finance cost/(income)	41,000	40,000
Depreciation of tangible fixed assets	224,944	215,633
(Increase)/decrease in debtors	89,369	(102,960)
Increase/(decrease) in creditors	97,158	(112,386)
<b>Net cash provided by operating activities</b>	<u>199,464</u>	<u>(401,919)</u>

### 22 Contingent liabilities

In the event that during the period of the funding agreement, the Academy sells or disposes of any asset for which a capital grant was received, the Academy shall repay the same proportion of the proceeds of sale or disposal as equates with the proportion of the original cost met by the Secretary of State, unless the Secretary of State agrees to some or all of the proceeds being retained by the Academy for its charitable purposes.

### 23 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

# PARKSIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

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### 24 Pensions and similar obligations

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

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

Contributions amounting to £52,502 (2015: £49,137) were payable to the schemes at 31 August 2016 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.

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. 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 the TPS in the period amounted to £314,000 (2015: £235,000).

The TPS is a multi-employer pension scheme and there is insufficient information to account for the scheme as a defined benefit scheme so it is accounted for as a defined contribution scheme.

# PARKSIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 24 Pensions and similar obligations (Continued)

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 15.2% for employers and 5.5% - 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.

Total contributions made	2016 £	2015 £
Employer's contributions	103,000	121,000
Employees' contributions	38,000	35,000
Total contributions	141,000	156,000

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 August 2016 by a qualified independent actuary.

Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	3.4	3.5
Rate of increase for pensions in payment	1.9	2
Discount rate	2.0	3.8
Inflation assumption (CPI)	1.9	2

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

	2016 Years	2015 Years
Retiring today		
- Males	22.7	22.6
- Females	25.2	25.1
Retiring in 20 years		
- Males	24.9	24.8
- Females	27.5	27.4

# PARKSIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 24 Pensions and similar obligations (Continued)

The academy trust's share of the assets in the scheme	2016 Fair value £	2015 Fair value £
Equities	662,000	599,000
Government bonds	491,000	345,000
Corporate bonds	129,000	109,000
Cash	112,000	93,000
Property	121,000	74,000
Total fair value of assets	1,515,000	1,220,000
Actual return on scheme assets - gain/(loss)	216,000	4,000
Amounts recognised in the statement of financial activities	2016 £	2015 £
Current service cost	132,000	129,000
Net interest cost	41,000	40,000
Changes in the present value of defined benefit obligations		2016 £
Obligations at 1 September 2015		2,352,000
Current service cost		132,000
Interest cost		89,000
Employee contributions		38,000
Actuarial loss		1,225,000
Benefits paid		(62,000)
At 31 August 2016		3,774,000
Changes in the fair value of the academy trust's share of scheme assets		2016 £
Assets at 1 September 2015		1,220,000
Interest income		48,000
Return on plan assets (excluding net interest on the net defined pension liability)		168,000
Employer contributions		103,000
Employee contributions		38,000
Benefits paid		(62,000)
At 31 August 2016		1,515,000

# PARKSIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 25 Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the board of Governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

The academy procured professional services (one to one learning support) with a value of £1,134 (2015 : £nil) from the wife of R Wolff, governor of the Academy. At the year end £nil was owed.

The academy procured signage, leaflets and newsletter work with a value of £nil (2015 : £24,604) from November Design Limited. November Design Limited has a director whom is the partner of a former governor of the Academy. At the year end £nil was owed.

### 26 Reconciliations on 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 expenditure for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

#### Reconciliation of funds for the previous financial period

	1 September 2014 £	31 August 2015 £
Funds as reported under previous UK GAAP and under FRS 102	4,875,789	4,658,337

#### Reconciliation of net loss for the previous financial period

	Notes	2015 £
Net expenditure as reported under previous UK GAAP		(257,452)
Adjustments arising from transition to FRS 102:		
Changes in recognition of LGPS interest cost	A	(24,000)
Net expenditure reported under FRS 102		(281,452)



# **PARKSIDE ACADEMY**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016**

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### **26 Reconciliations on adoption of FRS 102 (Continued)**

#### **Notes to reconciliations on adoption of FRS 102**

##### **(A) Change in recognition of LGPS interest cost**

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expenditure. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised in expenditure. 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 expenditure by £24,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.