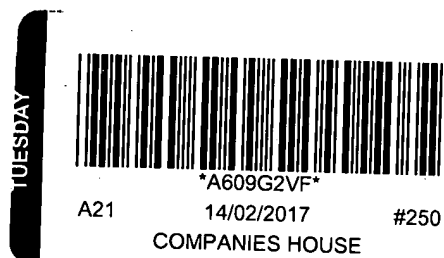


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**NEW ISLINGTON FREE SCHOOL**  
(A company limited by guarantee)

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



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**NEW ISLINGTON FREE SCHOOL**  
**(A company limited by guarantee)**

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**NEW ISLINGTON FREE SCHOOL**  
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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Governors**

Mr E M Watkins CBE \*, Chair of Governors  
Mr J B Diggines \* (resigned 28 June 2016)  
Mr S V Leeming \*  
Mr S Foster \*  
Mrs L A Hamilton  
Mr T P Bloxham MBE (resigned 23 March 2016)  
Mrs A C Hewitt  
Mr J H Headifen  
Ms D V Proctor (resigned 12 December 2015)  
Dr M A Boulton \*  
Mr R Cunningham  
Ms S Davenport  
Ms K Pegum  
Mr G Bulman (Ex Officio)\*

\* members of the Finance Committee

**Company registered number**

07937849

**Company name**

New Islington Free School

**Principal and registered office**

10 Hugh Oldham Way, Manchester, M4 6EY

**Senior management team**

Mr G Bulman, Principal  
Mrs P Millward, School Business Manager  
Ms R Jackson, Deputy Headteacher

**Independent auditor**

Crowe Clark Whitehill LLP, 3rd floor, The Lexicon, Mount Street, Manchester, M2 5NT

**Bankers**

NatWest Bank Plc, 182 Deansgate, Manchester, M2 3LY

**Solicitors**

Bond Dickinson LLP, St Ann's Wharf, 112 Quayside, Newcastle Upon Tyne, NE1 3DX

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**NEW ISLINGTON FREE SCHOOL**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**Advisers (continued)**

**Members**

E M Watkins  
S V Leeming  
J B Diggines  
Dr M A Boulton

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**NEW ISLINGTON FREE SCHOOL**  
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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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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 year 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Governors' report, and a Directors' report under company law.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Free School is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust. The charitable company is known as New Islington Free School Ltd.

The Free School has entered into a funding agreement with the Department for Education, which provides a framework within which the Free School must operate. The principal object of the Academy is to advance, for the public benefit, education in the United Kingdom by leading and developing a school offering a broad and varied curriculum.

The Governors of New Islington Free School are also the directors of the charitable company for the purpose of company law.

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

The principal object of the Free School is to provide education for pupils of different abilities between the ages of 4 and 11.

**Member's liability**

Each member of the Academy Trust undertakes to contribute to the assets of the Academy Trust 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 after he/she ceased to be a member.

**Governors' indemnities**

The Academy Trust has purchased insurance to cover Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. Details of the costs can be found in note 12 of the accounts.

**Approach taken to recruiting new governors**

Governors are appointed for a four year period, however, this time limit does not apply to the Principal. Subject to remaining eligible to be a particular type of Governor, any Governor can be re-appointed or re-elected.

**Parent**

On re-election or appointment the vacancy is advertised by the School and all parents of pupils at the School can apply. If more than one nomination is received, an election by secret ballot is held so that all of the academy parents can choose who will represent them on the board of trustees. The term of office is 4 years.

**Staff**

On re-election or appointment the vacancy is advertised by the School and all staff at the School can apply. If more than one nomination is received a secret ballot takes place. The term of office is 4 years.

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**NEW ISLINGTON FREE SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**New Governors**

Existing governors make recommendations to the board. The Chair of Governors will then invite the candidate to discuss his/her nomination. The Chair will forward the nomination to the board who will then hold a ballot. The newly appointed governor will be introduced to the Board and the following procedures will take place.

**Policies and Procedures Adopted for the Induction and Training of Governors**

New governors are provided with an induction pack and other documents that they will need to undertake their role as governors. Induction tends to be done informally and is tailored specifically to the individual. Governors can attend 'New Governor Induction' training and other courses relevant to their specific areas of interest and the committees they sit on or wish to join. Advantage is taken of specific courses offered by other bodies. Governors are invited to attend staff training days where subjects covered are relevant. The Clerk to the Governors keeps a log of courses attended and training is a standing Agenda item. Governors feedback to committee meetings relevant information from training attended. Initially new governors join committees which contain experienced governors who can offer assistance in their induction and who can provide mentoring as required.

**Organisational structure**

The Governors, as Trustees of the Academy Trust, are legally responsible for the overall management and control of the Academy Trust and the full governing body meets at least three times a year. The work of implementing most of their policies is carried out by the Finance Committee (which meets approximately two weeks before each meeting of the full Governing Body) and the other principal committees (Teaching and Learning, Pupil Performance Review Group, Remuneration Committee, Communication and Fundraising Committee) which meet on at least a termly basis. The Audit Committee reports annually to the Full Governing Body.

The day to day running of the Academy Trust is delegated to the Principal and to the Bursar (School Business Manager) supported by a staff team with defined areas of responsibility.

**Connected organisations including related party relationships**

The principal proposer of New Islington Free School was the Manchester Grammar School ("MGS") (registered charity number: 529909). New Islington Free School Trust shares a Chairman and Treasurer with MGS. Whilst the Trusts are separate and operate independently, the ethos and values of MGS are transferred to New Islington Free School via this relationship.

MGS provides educational support and guidance to NIFS at governance, management, teacher and pupil level as part of its public benefit activities as a charity.

**Pay policy for key management personnel**

The remuneration of the Schools' senior leadership personnel; Principal, Business Manager and Deputy Principal are spot salaries determined annually by the Remuneration Committee. The salary awarded is informed by: appraisal outcomes; the progress of children; benchmarking with other schools; the need to recruit the best people.

**OBJECTIVES AND ACTIVITIES**

The aspirations of New Islington Free School are:

- To provide an outstanding primary school education for children aged 4 to 11 in the New Islington Millennium Regeneration area.
- To provide for the needs of parents with young families in the New Islington Development and immediately

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**NEW ISLINGTON FREE SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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surrounding area.

- To help to give young families the confidence to remain in Central East Manchester thereby creating a stable and resilient community.
- To build on the long standing commitment of MGS and Urban Splash Limited (supported by the City Council and the Homes and Communities Agency) to the core communities of inner Manchester.

The aims for New Islington Free School are to:

1. Demonstrate continuing commitment to the widest possible social access.
2. Develop the academic standing of the Academy Trust through the promotion of successful, enthusiastic and inspirational teaching and learning within the context of a balanced curriculum which fulfils or exceeds the expectations of the English National Curriculum.
3. Continue to improve existing and, when required, develop new accommodation, systems and facilities; and thereby provide a safe, well maintained and effectively used environment for pupils and staff.
4. Promote the Academy Trust and its work vigorously to existing parents, prospective parents, alumni and the local community; build upon the links established; encourage co operation and partnerships with local schools and others in the wider community, seeking further opportunities to provide public benefit; and enhance the reputation of the Academy Trust within the region.
5. Provide appropriate opportunities both for professional development and supportive performance management.
6. Ensure that Safeguarding best practice guides the management of the Academy Trust.
7. Provide strong pastoral and related support, with clear moral and spiritual foundations based on broad Christian principles, for all ages.
8. Promote respect and tolerance for the individual and for individuality, develop independent thinking and learning for all pupils, encourage individual passions and enthusiasms both curricular and co curricular, and endeavour to treat the pupils within the Academy Trust as individuals.
9. Develop within the Academy Trust's community as a whole, qualities of leadership, creativity, appropriate risk taking, and responsiveness to changes and challenges.
10. Encourage the widest possible participation in sports and co curricular activities.
11. Provide appropriately for those who need additional support to fulfil their potential by virtue of physical or psychological disability or atypical learning style or process.

### **Teaching and Learning**

The principal objective was to establish systems and practice that would allow the Academy Trust to deliver a first class education for its children that could demonstrate through objective data that the Academy Trust deserved to be judged Outstanding in its first OfSTED inspection. Specific steps were outlined in the School Development Plan but some key elements were:

- The delivery of inspirational lessons within the stimulating framework of the International Primary Curriculum and 2015 National Curriculum for English and Mathematics.
- Develop a whole school assessment strategy to fully embed assessment for learning and link tracking processes to the new 2015 National Curriculum for English and Mathematics.
- New Islington Free School has now received its first Ofsted inspection and was judged outstanding in all areas.

### **The Co Curriculum**

The principal objective currently is to establish an outward looking perspective that introduces children to life beyond the classroom. Specific strategies include:

- Developing further the existing sporting links with MGS, and developing sporting links with other schools.
- Developing further the existing Art and Design links with MGS.
- Develop the use of MGS owned residential centres at Owls' Nest and Grasmere by NIFS children.

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**NEW ISLINGTON FREE SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Governance**

During the reporting year, the Board of Governors has continued its support to school leaders. This has been achieved via the following strategies:

- Regular visits to the school
- Rigorous analysis of information from leaders and other external professionals.
- Rigorous analysis of performance management procedures
- Rigorous analysis of the school improvement plan and checks that actions are being met through robust monitoring and challenge leveled at school leaders.
- Providing effective support to school leaders to help them address the challenges they face as the school grows and with preparations to move to the new site.

**Premises**

Following the re scheduling of the construction programme, the principal objective has been to complete the design and construction of the Academy Trust's permanent accommodation. This has now been achieved and formal handover to the Trust commenced on the 15 August 2016 in time for occupation at the start of the school year in September 2016.

**Objectives, Strategies and Activities during the period to August 2016**

New Islington Free School is a safe, healthy and nurturing environment for all the children, their families and the community. Every child is encouraged to believe in him or herself, discover his or her own strengths and be the best that he or she can be through a stimulating, rich and varied curriculum.

Positive partnerships have been built between staff and families, as reflected in the parent/carer survey of February 2015. Ofsted reported that 'The school has a very positive reputation in the community...parents are extremely supportive of what the school does to help their children succeed' and 'The school communicates very effectively with parents through a variety of means'.

Key priorities for the year are contained in our School Development Plan which is available on the New Islington website.

The aims of the school during the period ended 31 August 2016 are summarised below:

- To continue to ensure that all groups of pupils make good or better progress, from their starting points
- To ensure consistent implementation of the new English and Maths National Curriculum in all Key Stage 1 and 2 year groups
- To promote achievement in English and Maths through all subjects
- To maximise the impact of teacher questioning to assess and accelerate progress
- To exploit opportunities for cooperative learning across the curriculum, through Kagan techniques
- To establish school approaches to and opportunities for 'greater depth' of learning
- To empower parents and carers to support and reinforce their children's learning at home
- To develop pupils' local, national and international-mindedness

**Public benefit**

The Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission (on their website at [www.charitycommission.gov.uk](http://www.charitycommission.gov.uk)) in exercising their powers or duties.

In providing education to children in an area of Manchester with a basic needs (places) deficit, the Trust is



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**NEW ISLINGTON FREE SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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providing Public Benefit. Children can access the facilities and provisions of the Academy Trust at no charge to their families. The only admissions criteria that differentiate between applicants are based on place of residence (distance from the Academy Trust) and siblings already on the school roll.

## **ACHIEVEMENTS AND PERFORMANCE**

### **Key financial performance indicators**

An independent assessment of the Academy Trust's performance during the previous accounting period, carried out under the auspices of the Department for Education, found that the Academy Trust is meeting the needs of all of its pupils and achieved an outstanding standard in all aspects pertaining to the Ofsted Framework for inspections.

Further KPIs and achievements are reported by the Principal in the Trust's Value for Money statement.

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

The Trust also received grants for fixed assets from the Department for Education. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charged over the expected useful life of the assets concerned.

During the year ended 31 August 2016, total expenditure of £1,294,155 was covered by grant funding from the Department for Education together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed asset funds) was £11,035.

At 31 August 2016 the net book value of fixed assets was £5,911,563 and movements in tangible fixed assets are shown in note 13 to the accounts. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

### **Reserves Policy**

The trustees 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 trustees take into consideration the future plans of the Academy, future income streams and other key risks identified during the risk review.

Thus the aspiration will be to hold an amount of two month's payroll costs plus a contingency amount. We judge this amount to be in the region of £150,000 which will be built up over the period of growth.

### **Investment policy and performance**

Under the provisions of the Trust's Objects:

Governors may deposit or invest any funds of the Academy Trust not immediately required for the furtherance of its Object (but to invest only after obtaining such advice from a financial expert as the Governors consider necessary and having regard to the suitability of investments and the need for diversification).

Governors may delegate the management of investments to a financial expert, but only on terms that:  
•the investment policy is set down in writing for the financial expert by the Governors

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**NEW ISLINGTON FREE SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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- every transaction is reported promptly to the Governors
- the performance of the investments is reviewed regularly with the Governors
- the Governors are entitled to cancel the delegation arrangement at any time
- the investment policy and the delegation arrangement are reviewed at least once a year
- all payments due to the financial expert are on a scale or at a level which is agreed in advance and are notified promptly to the Governors on receipt
- the financial expert must not do anything outside the powers of the Governors

Governors may arrange for investments or other property of the Academy Trust to be held in the name of a nominee company acting under the control of the Governors or of a financial expert acting under their instructions, and to pay any reasonable fee required.

**Going concern**

After making appropriate enquiries, the board of governors has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. The securing of an Outstanding judgement and the relocation into a brand new state of the art building will have a positive effect on future demand for places at the school. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

**Financial risk management objectives and policies**

During the year of operation, the Academy Trust's only source of income is grant income from the EFA and voluntary income and the only liabilities are the payroll, capital and educational costs associated with it operating a school at New Islington, Manchester. All capital expenditure is agreed in advance with and approved by the EFA and, in the view of the Trust, represents minimal risk. Revenue funding is provided on a formulaic basis by EFA and paid in monthly instalments. Thus, potential inadequate cash flow represents a minimal risk. The Trust's General Annual grant for 2015/2016 was calculated on the basis of the Academy Trust having 166 pupils on roll in October 2015. An EFA pupil number adjustment exercise was carried out in 2016 (which relates to the terms and conditions included in the Funding Agreement) which adjusted the Annual grant to reflect the increase in pupil numbers.

**Principal risks and uncertainties**

The Governors maintain a register of Risk which informs management decisions and the provisions in the Business Continuity Plan. Risks are categorised under the headings: Strategic and Reputational; Operational; Compliance; Financial. Risks are scored on the basis of probability and impact and an overall Risk Score determined. On that basis, the most significant risks identified by the Governors, all of which fall into the Medium Risk category, are: failure to ensure that the financial systems of the Academy Trust are secure; failure to ensure that an adequate disaster recovery plan is in place in relation to the Academy Trust's financial systems; failure of the Academy Trust to monitor the performance of the employee pension schemes.

**Financial**

The School has considerable reliance on continued government funding through the EFA. In the last period, the School's incoming resources was ultimately government funded and whilst this level is expected to continue, for 2016/17, there is no assurance that government policy or practice will remain the same or that public funding will continue, at the same levels or on the same terms. This risk is managed by careful control over budgeted expenditure and monthly budget monitoring.

Funding arrangements for special educational needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years. The governors examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Governors' and Finance, Resources, Health and Safety Committee meetings. The governors also ensure sufficient funds are held to cover all known and anticipated commitments. At the year end, the School had no

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

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significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

**Pension liability**

The board of governors recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in the financial statements, represents a significant potential liability. However, the governors consider that the School is able to meet its known annual contribution commitments at present and the risk is to be kept under close review.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the School's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The governors continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the School is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk governors ensure that pupil success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant on the quality of its staff and so the trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The School has appointed an Internal Controls Reviewer to carry out checks on financial systems and records as required by the Academy's Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

**Future plans**

During this academic year 2016/17, the Academy Trust will increase in size by one year group cohort and expand to become two form entry, with the capacity to admit two reception classes of thirty pupils. The Academy Trust should reach full capacity during the academic year 2023/2024.

**Funds held as a custodian**

The Academy Trust does not hold any funds as Custodian Trustee on behalf of others.

**Disclosure of information to auditor**

Each of the persons who is a Governor at the time when this Governors' report is approved has confirmed that:

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

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**NEW ISLINGTON FREE SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Auditor**

The audit firm Crowe Clark Whitehill has been appointed as the Academy Trust's auditor. The audit report has therefore been issued by Crowe Clark Whitehill.

This report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 9 December 2016 and signed on its behalf by:



.....  
Mr E M Watkins CBE  
Chair of Governors

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**NEW ISLINGTON FREE SCHOOL**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

As governors, we acknowledge we have overall responsibility for ensuring that New Islington Free 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 governors 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 New Islington Free School and the Secretary of State for Education. He is also responsible for reporting to the board of governors 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 board of governors has formally met 4 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governor	Meetings attended	Out of a possible
Mr E M Watkins CBE	4	4
Mr J B Diggines	4	4
Mr S V Leeming	4	4
Mr S Foster	3	4
Mrs L A Hamilton	3	4
Mr T P Bloxham MBE	0	4
Mrs A C Hewitt	3	4
Mr J H Headifen	3	4
Ms D V Proctor	1	1
Dr M A Boulton	4	4
Mr R Cunningham	3	4
Ms S Davenport	2	4
Ms K Pegum	4	4
Mr G Bulman	3	4

The Finance and Resource Committee is a sub-committee of the main board of governors. Its purpose is to establish and monitor appropriate financial policies and procedures; to hold the Academy Trust's management to account for the proper conduct of the Academy Trust's financial activities; to ensure that all financial accounting and auditing is carried out properly. The finance committee reports to the Board of Governors.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr G Bulman	4	4
Mr J B Diggines	4	4
Mr S Foster	3	4
Mr S V Leeming	3	4
Mr E M Watkins CBE	3	4
Dr M A Boulton	4	4
Mr R Cunningham	3	4

The Audit Committee is also a sub-committee of the main board of governors. Its purpose is to ensure that the risks of the Trust, financial or otherwise, are effectively reviewed and that the annual financial statements give a true and fair view of the activities of the Trust.

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**NEW ISLINGTON FREE SCHOOL**  
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**GOVERNANCE STATEMENT (continued)**

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The Audit Committee meet on a termly basis.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr S V Leeeming	2	3
Mr J B Diggins	3	3
Mr S Foster	1	3
Mrs G M Batchelor (Independent Member)	3	3
Dr M A Boulton	2	3

**REVIEW OF VALUE FOR MONEY**

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

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

- The school secured an Ofsted judgement of Outstanding in all criteria as well as in the overall judgement following its summer term 2015 Section 5 inspection. This is a strong and externally validated indication of the excellent outcomes for all stakeholders and the value therein. Since then, academic progress and attainment, financial and resource management and all aspects of pupil welfare have been rigorously monitored by Governing Body Committees and external moderation as appropriate and have been commended for the high quality of provision.
- Effective use of teaching and support staff resource which is monitored to ensure curriculum targets are met. Very good progress has been achieved by all year group cohorts (R,1,2,3, 4, and 5) during 2015-16 and vulnerable groups have narrowed the gap between their average attainment level and that of their peers.
- Regular review of pupil progress (and close scrutiny of this by dedicated Governing Body committee) to ensure that appropriate support is given to pupils' ever changing needs. Rigorous tracking of pupil attainment and resource deployed accordingly.
- Collaboration with other educational providers has secured value for money opportunities for the pupils and is an enrichment of their curriculum. For example, children in Year 4 again accessed a six week long coaching programme in BMX, including all resources and a session at the National Cycling Centre in Manchester, for just £60 for the entire class. Our links with the Halle Orchestra resulted in our involvement with the citywide 'Robot Orchestra' project, collaborating with Manchester University and other local groups. Our acceptance onto the council 'Clean city' programme has resulted in over £2500 of resources being allocated to school as well as the participation of the children in community development work.' We have secured input from the Manchester City Community project 'Cooking with City' which has resulted in free of charge cookery lessons with a strong focus on money saving and healthy eating – 10 families have benefitted to date and up to 20 more to follow.
- We were able to use the Sports Hall at Manchester Grammar School as a venue for our annual sports day, this year – this resulted in a saving of the cost previously incurred for the hire of the other facilities.
- Strong focus on staff Continuing Professional Development (CPD) for all staff (Teaching, Teaching assistant, non-teaching) which has a direct impact on pupil outcomes.
- Continuous and rigorous options appraisal for all purchases and negotiation of services to school has been used to secure the best deal in terms of quality, effectiveness and cost. As required, alternatives were sought during the year. Extensive research into all aspects of school managed procurement for the new school premises has resulted in excellent value for money.
- An inclusive environment is fostered where all pupils are given the opportunity to access the curriculum.
- School development plan identifies associated costs and staff deployment and this is directly linked to the positive impact on pupil outcomes.

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**NEW ISLINGTON FREE SCHOOL**  
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**GOVERNANCE STATEMENT (continued)**

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- Evaluation of resources and staff deployment against pupil outcomes (for example, the deployment of our Learning Mentor to deliver FFT Wave 3 Literacy intervention and the continuing use of focussed teaching assistants) to determine whether desired impact has been realised and also whether the learning experience of pupils has been enhanced as a result.
- Establishment and maintenance of sound systems of financial governance, including sound and rigorous spending controls, up to date financial records, continuous financial monitoring and timely reporting. Every transaction is scrutinised by me to establish need and priority of the order as well as overall Value for Money; only then are orders placed with suppliers.
- The nature of the temporary site did not allow for letting to generate further income but the permanent site building has been designed with community use in mind – this will enable the provision of services to local groups at a reasonable cost but also allow for potential income generation in the future.
- The school offers a daily 'Wraparound Care' service to parents which is chargeable. Operating from the school hall from 8.00 am until school lessons start at 8.50 pm, and then from the end of the school day until 6.00 pm, this is a much appreciated and well used facility for the working families that the school serves.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in New Islington Free 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 governors has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 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 governors.

**THE RISK AND CONTROL FRAMEWORK**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of governors;
- regular reviews by the Finance and Resource 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 governors has considered the need for a specific internal audit function and has decided to appoint Education Finance Consultancy as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the internal auditor reports to the board of governors

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**NEW ISLINGTON FREE SCHOOL**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT (continued)**

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on the operation of the systems of control and on the discharge of the board of governors' financial responsibilities.

During the period Education Finance Consultancy performed two visits.

**REVIEW OF EFFECTIVENESS**

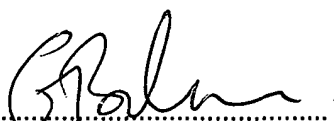
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- 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 Finance and Resource Committee and Audit Committee and a plan to address any future weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of governors on 9 December 2016 and signed on their behalf, by:

  
.....  
Mr E M Watkins CBE  
Chair of Trustees

  
.....  
Mr G Bulman  
Accounting Officer



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**NEW ISLINGTON FREE SCHOOL**  
**(A company limited by guarantee)**

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of New Islington Free 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.



**Mr G Bulman**  
**Accounting Officer**

9 December 2016

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**NEW ISLINGTON FREE SCHOOL**  
**(A company limited by guarantee)**

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**STATEMENT OF GOVERNORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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The Governors (who act as governors of New Islington Free School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' 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 the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors 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 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 grants received from the EFA/DfE 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 board of trustees on 9 December 2016 and signed on its behalf by:

  
.....  
**Mr E M Watkins CBE**  
**Chair of Governors**

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**NEW ISLINGTON FREE SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF NEW ISLINGTON FREE SCHOOL**

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

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state 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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITOR**

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

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

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

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

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

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**NEW ISLINGTON FREE SCHOOL**  
(A company limited by guarantee)

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF NEW ISLINGTON FREE SCHOOL**

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

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Governors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



Vicky Szulist (Senior statutory auditor)

for and on behalf of

**Crowe Clark Whitehill LLP**

Statutory Auditor

3rd floor  
The Lexicon  
Mount Street  
Manchester  
M2 5NT

Date:

*20th December 2016*

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**NEW ISLINGTON FREE SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO NEW ISLINGTON  
FREE SCHOOL AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 21 July 2015 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 New Islington Free 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 New Islington Free School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to New Islington Free 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 New Islington Free School and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF NEW ISLINGTON FREE SCHOOL'S ACCOUNTING OFFICER AND  
THE REPORTING AUDITOR**

The accounting officer is responsible, under the requirements of New Islington Free School's funding agreement with the Secretary of State for Education dated 21 May 2013, 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.

**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.



Vicky Szulist (Senior statutory auditor)

for and on behalf of

**Crowe Clark Whitehill LLP**

Statutory Auditor

3rd floor  
The Lexicon  
Mount Street  
Manchester  
M2 5NT

Date: *20th December 2016*

**NEW ISLINGTON FREE SCHOOL**  
(A company limited by guarantee)

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


	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	-	-	5,466,996	5,466,996	663,138
Charitable activities	4	-	998,470	-	998,470	897,576
Other trading activities	3	51,122	-	-	51,122	52,857
<b>TOTAL INCOME</b>		<b>51,122</b>	<b>998,470</b>	<b>5,466,996</b>	<b>6,516,588</b>	<b>1,613,571</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		113,178	1,140,475	40,501	1,294,154	1,222,534
<b>TOTAL EXPENDITURE</b>	7	<b>113,178</b>	<b>1,140,475</b>	<b>40,501</b>	<b>1,294,154</b>	<b>1,222,534</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	16	(62,056)	(142,005)	5,426,495	5,222,434	391,037
		62,056	130,970	(193,026)	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		-	(11,035)	5,233,469	5,222,434	391,037
Actuarial gains/(losses) on defined benefit pension schemes	20	-	(48,000)	-	(48,000)	2,000
<b>NET MOVEMENT IN FUNDS</b>		<b>-</b>	<b>(59,035)</b>	<b>5,233,469</b>	<b>5,174,434</b>	<b>393,037</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		-	132,464	678,094	810,558	417,521
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>-</b>	<b>73,429</b>	<b>5,911,563</b>	<b>5,984,992</b>	<b>810,558</b>

**NEW ISLINGTON FREE SCHOOL**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 07937849**

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

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Tangible assets	13		5,911,563		678,094
<b>CURRENT ASSETS</b>					
Debtors	14	756,165		157,739	
Cash at bank and in hand		177,040		258,733	
		<u>933,205</u>		<u>416,472</u>	
<b>CREDITORS:</b> amounts falling due within one year	15	(779,776)		(263,008)	
<b>NET CURRENT ASSETS</b>			<u>153,429</u>		<u>153,464</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>6,064,992</u>		<u>831,558</u>
Defined benefit pension scheme liability	20		(80,000)		(21,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>5,984,992</u></u>		<u><u>810,558</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	16	153,429		153,464	
Restricted fixed asset funds	16	5,911,563		678,094	
		<u></u>		<u></u>	
Restricted income funds excluding pension liability		6,064,992		831,558	
Pension reserve		(80,000)		(21,000)	
		<u></u>		<u></u>	
Total restricted income funds			<u>5,984,992</u>		<u>810,558</u>
<b>TOTAL FUNDS</b>			<u><u>5,984,992</u></u>		<u><u>810,558</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 9 December 2016 and are signed on their behalf, by:

  
 .....  
**Mr E M Watkins CBE**  
**Chair of Trustees**

The notes on pages 24 to 41 form part of these financial statements.



**NEW ISLINGTON FREE SCHOOL**  
(A company limited by guarantee)

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

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	18	<u>(274,719)</u>	<u>(134,136)</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		<u>(5,273,970)</u>	<u>(413,800)</u>
Capital grants from DfE/EFA		<u>5,466,996</u>	<u>663,138</u>
<b>Net cash provided by investing activities</b>		<u>193,026</u>	<u>249,338</u>
<b>Change in cash and cash equivalents in the year</b>		<u>(81,693)</u>	<u>115,202</u>
Cash and cash equivalents brought forward		<u>258,733</u>	<u>143,531</u>
<b>Cash and cash equivalents carried forward</b>	19	<u><u>177,040</u></u>	<u><u>258,733</u></u>

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**NEW ISLINGTON FREE SCHOOL**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

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

New Islington Free School constitutes a public benefit entity as defined by FRS 102.

**First time adoption of FRS 102**

These financial statements are the first financial statements of New Islington Free 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 New Islington Free 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 Governors 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 23.

**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 Governors.

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

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

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**NEW ISLINGTON FREE SCHOOL**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

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

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

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

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

**1.4 Expenditure**

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

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 Going concern**

The Governors 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 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.

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**NEW ISLINGTON FREE SCHOOL**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.6 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 incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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:

Fixtures and fittings	- 7 years straight line
Computer equipment	- 3 years straight line

**1.7 Interest receivable**

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

**1.8 Taxation**

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

**1.9 Debtors**

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

**1.10 Cash at Bank and in hand**

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

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**NEW ISLINGTON FREE SCHOOL**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.11 Liabilities and provisions**

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

**1.12 Financial instruments**

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Except for the Local Government Pension Scheme (LGPS) deficit, basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Stock, prepayments and deferred income do not constitute basic financial instruments.

The LGPS pension deficit is recognised at its new present value at each balance sheet date and is based on an actuarial valuation. The key judgements in performing this valuation can be found in note 20.

**1.13 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 20, 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.

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**NEW ISLINGTON FREE SCHOOL**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

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

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

**1.14 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 20, 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.

In the view of the governors there are no further assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date that are likely to result in a material adjustment to their carrying amounts in the next financial year.

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

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Capital Grants	-	-	5,466,996	5,466,996	663,138

In 2015, of the total income from donations and capital grants, £NIL was to unrestricted funds and £663,138 was to restricted funds

**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Catering income	14,024	-	14,024	8,513
Other Income	124	-	124	5,909
Wraparound income	32,527	-	32,527	35,504
Donations	4,447	-	4,447	2,931
	<u>51,122</u>	<u>-</u>	<u>51,122</u>	<u>52,857</u>

In 2015, of the total income from other trading activities, £52,857 was to unrestricted funds and £NIL was to restricted funds.

**4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
General annual grant (GAG)	-	813,290	813,290	680,550
Start up grants	-	32,500	32,500	82,500
Other DfE/ EFA grants	-	152,680	152,680	134,526
	<u>-</u>	<u>998,470</u>	<u>998,470</u>	<u>897,576</u>

In 2015, of the total income from charitable activities, £NIL was to unrestricted funds and £897,576 was to restricted funds.

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**5. DIRECT COSTS**

	<b>Total 2016 £</b>	<i>Total 2015 £</i>
Educational supplies and services	<b>80,548</b>	87,505
Staff development	<b>8,179</b>	6,592
Wages and salaries	<b>639,464</b>	500,424
Depreciation	<b>40,501</b>	34,729
	<b>768,692</b>	629,250

In 2015, the academy incurred the following Direct costs:  
£629,250 in respect of Funding for Educational Operations

**6. SUPPORT COSTS**

	<b>Total 2016 £</b>	<i>Total 2015 £</i>
Technology costs	<b>8,704</b>	16,221
Maintenance of premises and equipment	<b>13,135</b>	8,007
Cleaning	<b>18,845</b>	15,689
Energy costs	<b>13,298</b>	10,102
Rent and rates	<b>182,857</b>	306,935
Insurance	<b>4,245</b>	3,489
Security and transport	<b>8,736</b>	8,296
Catering	<b>61,853</b>	59,104
Additional Pension	<b>11,000</b>	11,000
Other support costs	<b>7,896</b>	2,287
Bank interest and charges	<b>1,156</b>	1,132
Governance cost	<b>35,259</b>	34,893
Wages and salaries	<b>158,478</b>	116,129
	<b>525,462</b>	593,284

During the year ended 31 August 2016, the academy incurred the following Governance costs:  
£35,529 (2015 - £34,893) included within the table above in respect of Support costs.



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**7. EXPENDITURE**

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Funding for Education:					
Direct costs	639,464	-	129,228	768,692	629,250
Support costs	158,478	195,990	170,994	525,462	593,284
	<u>797,942</u>	<u>195,990</u>	<u>300,222</u>	<u>1,294,154</u>	<u>1,222,534</u>

In 2016, of the total expenditure, £113,178 (2015 - £89,555) was to unrestricted funds and £1,180,976 (2015 - £1,132,979) was to restricted funds.

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

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	<u>40,501</u>	<u>34,729</u>

**9. AUDITORS' REMUNERATION**

The Auditor's remuneration amounts to an Audit fee of £5,700 (2015 - £5,600), and Preparation of accounts of £1,540 (2015 - £1,500).

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**10. STAFF COSTS**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	568,407	485,392
Social security costs	49,882	38,443
Operating costs of defined benefit pension schemes	66,927	49,724
	<u>685,216</u>	<u>573,559</u>
Supply teaching costs	112,380	42,994
Staff restructuring costs	346	-
	<u><u>797,942</u></u>	<u><u>616,553</u></u>

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

	2016 No.	2015 No.
Teachers	9	7
Education support	7	9
Administration and clerical support	7	4
	<u>23</u>	<u>20</u>

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

	2016 No.	2015 No.
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	1	0

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2016 pension contributions amounted to £13,299 (2015: £10,674).

Included in staff costs is non-statutory/non-contractual severance payment totalling £346 (2015: £nil).

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £210,788 (2015: £189,784).

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

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**11. GOVERNORS' REMUNERATION AND EXPENSES**

One or more 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 other staff members under their contracts of employment, and not in respect of their role as Governors. The value of Governors' remuneration and other benefits was as follows:

		2016	2015
		£	£
George Bulman	Remuneration	80,000-85,000	70,000-75,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Katie Pegum	Remuneration	35,000-40,000	30,000-35,000
	Pension contributions paid	5,000-10,000	0-5,000

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

**12. GOVERNORS' AND OFFICERS' INSURANCE**

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

The total cost of insurance for the year ended 31 August 2016 was £4,245 (2015: £3,289).

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**13. TANGIBLE FIXED ASSETS**

	Leasehold property £	Fixtures and fittings £	Computer equipment £	Assets in course of construction £	Total £
<b>Cost</b>					
At 1 September 2015	-	46,840	99,218	596,765	742,823
Additions	-	-	2,213	5,271,757	5,273,970
Transfer between classes	5,868,522	-	-	(5,868,522)	-
At 31 August 2016	5,868,522	46,840	101,431	-	6,016,793
<b>Depreciation</b>					
At 1 September 2015	-	11,309	53,420	-	64,729
Charge for the year	-	6,691	33,810	-	40,501
At 31 August 2016	-	18,000	87,230	-	105,230
<b>Net book value</b>					
At 31 August 2016	5,868,522	28,840	14,201	-	5,911,563
At 31 August 2015	-	35,531	45,798	596,765	678,094

**14. DEBTORS**

	2016 £	2015 £
Other debtors	322,428	15,426
Prepayments and accrued income	433,737	142,313
	<u>756,165</u>	<u>157,739</u>

**15. CREDITORS: Amounts falling due within one year**

	2016 £	2015 £
Trade creditors	370,345	80,824
Other creditors	52,458	-
Accruals and deferred income	356,973	182,184
	<u>779,776</u>	<u>263,008</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**15. CREDITORS: Amounts falling due within one year (continued)**

	2016 £	2015 £
<b>Deferred income</b>		
Deferred income at 1 September	32,770	24,262
Resources deferred during the year	25,672	32,770
Amounts released from previous years	(32,770)	(24,262)
	<u>25,672</u>	<u>32,770</u>
Deferred income at 31 August	<u>25,672</u>	<u>32,770</u>

Deferred income at 31 August 2016 includes £7,572 of Pupil premium and £18,100 of Universal infant free school meal income. All amounts received before the year end but relate to the next year end.

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**16. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General Funds	-	51,122	(113,178)	62,056	-	-
<b>Restricted funds</b>						
General Annual Grant (GAG)	153,464	998,470	(1,129,475)	130,970	-	153,429
Pension reserve	(21,000)	-	(11,000)	-	(48,000)	(80,000)
	<u>132,464</u>	<u>998,470</u>	<u>(1,140,475)</u>	<u>130,970</u>	<u>(48,000)</u>	<u>73,429</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Funds	678,094	5,466,996	(40,501)	(193,026)	-	5,911,563
Total restricted funds	<u>810,558</u>	<u>6,465,466</u>	<u>(1,180,976)</u>	<u>(62,056)</u>	<u>(48,000)</u>	<u>5,984,992</u>
Total of funds	<u>810,558</u>	<u>6,516,588</u>	<u>(1,294,154)</u>	<u>-</u>	<u>(48,000)</u>	<u>5,984,992</u>

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

Restricted general funds are those that have been restricted by the grant provider in meeting the objects of the academy and are restricted to both the day to day running of the academy and capital expenditure.

Restricted Fixed Asset Funds provide for the installation, maintenance and repair of the fixed assets of the Academy.

Unrestricted funds are those which the board of trustees may use in the pursuance of the academy's objectives and are expendable at the discretion of the trustees.

The transfer of £130,970 between fixed asset restricted funds and restricted funds relates to the contribution for rental of the school temporary site.

The transfer of £62,056 between fixed assets restricted funds and unrestricted funds relates to the contribution for catering and support staff 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.

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

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	5,911,563	5,911,563	678,094
Current assets	-	933,205	-	933,205	416,472
Creditors due within one year	-	(779,776)	-	(779,776)	(263,008)
Provisions for liabilities and charges	-	(80,000)	-	(80,000)	(21,000)
	<u>-</u>	<u>73,429</u>	<u>5,911,563</u>	<u>5,984,992</u>	<u>810,558</u>

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

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	5,222,434	391,037
<b>Adjustment for:</b>		
Depreciation charges	40,501	34,729
Increase in debtors	(545,968)	(79,521)
Increase in creditors	464,310	171,757
Capital grants from DfE and other capital income	(5,466,996)	(663,138)
Defined benefit pension scheme cost less contributions payable	11,000	11,000
<b>Net cash used in operating activities</b>	<u>(274,719)</u>	<u>(134,136)</u>

**19. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash in hand	177,040	258,733
<b>Total</b>	<u>177,040</u>	<u>258,733</u>

**20. PENSION COMMITMENTS**

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Manchester City 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.

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

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**20. PENSION COMMITMENTS (continued)**

year.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and 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 £46,475 (2015 - £32,118).

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

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

**Local Government Pension Scheme**



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**20. PENSION COMMITMENTS (continued)**

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 £29,000 (2015 - £25,000), of which employer's contributions totalled £20,000 (2015 - £17,000) and employees' contributions totalled £9,000 (2015 - £8,000). The agreed contribution rates for future years are 16.6% for employers 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.

Principal actuarial assumptions:

	<b>2016</b>	<b>2015</b>
Discount rate for scheme liabilities	<b>2.10 %</b>	<b>3.80 %</b>
Expected return on scheme assets at 31 August	<b>2.10 %</b>	<b>3.80 %</b>
Rate of increase in salaries	<b>3.40 %</b>	<b>3.90 %</b>
Rate of increase for pensions in payment / inflation	<b>2.10 %</b>	<b>2.70 %</b>

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

	<b>2016</b>	<b>2015</b>
Retiring today		
Males	<b>21.4</b>	<b>21.4</b>
Females	<b>24.0</b>	<b>24.0</b>
Retiring in 20 years		
Males	<b>24.0</b>	<b>24.0</b>
Females	<b>26.6</b>	<b>26.6</b>

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

	<b>Fair value at 31 August 2016 £</b>	<b>Fair value at 31 August 2015 £</b>
Equities	<b>61,200</b>	<b>31,000</b>
Debt instruments	<b>14,450</b>	<b>8,000</b>
Property	<b>5,100</b>	<b>3,000</b>
Cash	<b>4,250</b>	<b>2,000</b>
<b>Total market value of assets</b>	<b>85,000</b>	<b>44,000</b>

The actual return on scheme assets was £2000 (2015 - £1000).

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**20. PENSION COMMITMENTS (continued)**

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

	2016 £	2015 £
Current service cost	30,000	28,000
Expected return on scheme assets	-	(2,000)
Interest costs	3,000	2,000
	<u>33,000</u>	<u>28,000</u>
Total	<u>33,000</u>	<u>28,000</u>
Actual return on scheme assets	<u>2,000</u>	<u>1,000</u>

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

	2016 £	2015 £
Opening defined benefit obligation	65,000	30,000
Contributions by employees	9,000	8,000
Actuarial (Gains)/losses	58,000	(3,000)
Interest cost	3,000	2,000
Current service costs	30,000	28,000
	<u>165,000</u>	<u>65,000</u>
Closing defined benefit obligation	<u>165,000</u>	<u>65,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	44,000	18,000
Interest income	2,000	-
Actuarial gains and (losses)	10,000	(1,000)
Contributions by employees	9,000	8,000
Contribution by employer	20,000	17,000
Expected return on assets	-	2,000
	<u>85,000</u>	<u>44,000</u>
Closing fair value of scheme assets	<u>85,000</u>	<u>44,000</u>

**21. RELATED PARTY TRANSACTIONS**

Two of the academy's governors act as governors for the Manchester Grammar School, which is the sponsor of New Islington Free School. The Free School was granted free use of the sports facility at Manchester Grammar School for the year.

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**22. 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.

**23. 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.

The policies applied under the academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.