

# Faringdon Academy of Schools

**(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**Year ended 31 August 2016**

**Company Registration Number:  
07977368 (England and Wales)**

**Period of account: 1 September 2015 – 31 August 2016**

**SATURDAY**



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**COMPANIES HOUSE**

# Faringdon Academy of Schools

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**Faringdon Academy of Schools**  
**Reference and Administrative Details**

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Members

Bob Wintringham  
Liz Holmes  
Anthony Cook (from 13<sup>th</sup> June 2016)  
Diocese Board of Education

Trustees

Bob Wintringham (Chairperson)  
David Wilson (Executive Head Teacher) \*  
Liz Holmes (Vice Chairperson) \*  
Rachael Kenyon  
Alun Williams (resigned 29<sup>th</sup> February 2016)  
Paul Turner (resigned 31<sup>st</sup> December 2015) \*  
Ian Wright  
Christine Price-Smith  
Rev Richard Hancock  
Jeremy Twynam\*  
Louise Warren (from 1<sup>st</sup> January 2016) \*  
Jan Wiejak (from 4<sup>th</sup> March 2016)  
John Kirk (from 6<sup>th</sup> October 2016)  
Paul Turner (co-opted trustee from 1<sup>st</sup> January 2016)

\* members of the Academy Resources Committee

Clerk

Siobhan Vinall

**Faringdon Academy of Schools**  
**Reference and Administrative Details (continued)**

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**Senior Leadership Team**

- Executive Head David Wilson
- Academy Business and Finance Director John Banbrook
- Director of School Improvement Duncan Millard
- Head Faringdon Junior School Paul Turner (retired 31<sup>st</sup> Dec 2015);  
Jo Donellan (appointed 6<sup>th</sup> Jun 2016)
- Head Faringdon Infant School Heather Hambidge
- Head of Buckland C of E Primary Louise Warren
- Head of John Blandy Primary Clare Sylvester
- Head of Longcot & Fernham C of E Primary Claire Mellor
- Head of Shrivenham C of E Primary Vicky Sammon
- Head of Watchfield Primary John Quinn

Company Name Faringdon Academy of Schools

Principal and Registered Office Fernham Road  
Faringdon  
Oxon  
SN7 7LB

Company Registration Number 07977368 (England and Wales)

Independent Auditor Critchleys LLP  
Greyfriars Court  
Paradise Square  
Oxford  
OX1 1BE

Bankers Lloyds Bank Plc  
8 Market Place  
Faringdon  
Oxfordshire  
SN7 7HN

Solicitors Stone King LLP  
13 Queen Square  
Bath  
BA1 2HJ

## Faringdon Academy of Schools Trustees' Report

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

The multi-academy trust comprises 8 academy schools:

Academy School	Capacity as listed in Funding Agreement	Pupils on Roll (Oct 15 census)
Faringdon Community College	1169	1134 (975 Y7-Y11 + 159 6 <sup>th</sup> form)
Faringdon Infant School	242 (216 3-7yrs and 26 nursery)	250 + 25 nursery
Faringdon Junior School	250	303
Buckland VC Church of England Primary School	116 (105 4-11yrs and 11 nursery)	97 + 7 nursery
John Blandy Primary School	210	180
Longcot & Fernham VC Church of England Primary School	119	122
Shrivenham VC Church of England Primary School	210	175
Watchfield Primary School	446 (420 3-11yrs and 26 nursery)	306 + 11 nursery
<b>Total</b>	<b>2762</b>	<b>2567 + 43 nursery</b>

### Structure, Governance and Management

#### Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Faringdon Academy of Schools are also the directors of the charitable company for the purposes of company law. The charitable company is known as Faringdon Academy of Schools.

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

#### Members' Liability

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

## **Faringdon Academy of Schools Trustees' Report (continued)**

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### **Trustees' Indemnities**

There were no provisions required for third party indemnity. In accordance with normal commercial practice, the academy trust purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on trust business.

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

During this reporting period, the board of trustees retained a structure of 12 appointments comprising:

- 2 – Trustees with Secondary Education experience.
- 2 – Trustees with Primary Education Experience.
- 3 – Trustees appointed by the Oxfordshire Diocese Board of Education.
- 4 – Trustees appointed by Members.
- 1 – Executive Head Teacher.

Members may appoint up to 4 trustees, but the total number of trustees who are employees of the academy trust (including the Executive Head Teacher) must not exceed one third of the total number of trustees.

The trustees may appoint up to 2 co-opted trustees. A 'co-opted trustee' means a person who is appointed to be a trustee by being co-opted by trustees who have not themselves been so appointed. The trustees may not co-opt an employee of the company as a co-opted trustee if the number of trustees who are employed by the company (including the Head Teachers) would thereby exceed one third of the total number of trustees.

Trustees are appointed in accordance with the revised Articles of Association<sup>1</sup> which became applicable on conversion. When a new trustee is required the following process is followed:

- **Diocese appointed trustee** – the academy will liaise with the Oxfordshire Diocese Board of Education to seek suitable nominations. Whilst it remains a Diocese responsibility to appoint, in practice, this process will be collaborative to ensure that the new appointee has the appropriate skills and experience to discharge his/her responsibilities.
- **Academy appointed trustee** – in the first instance, the Academy will advertise via the news letters of all 8 schools and through the 8 academy local governing bodies. Additionally, the academy will approach 'The Lieutenancy Trustee List' if we require a replacement trustee with specific professional skills that we are unable to recruit from the community.

As a vacancy becomes available, the trustees review existing experience and thereafter seek to recruit a new appointee with the appropriate competency for the role.

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

In this operating period, Faringdon Academy of Schools continued to subscribe to Oxfordshire County Council's Governor Services, which exists to provide support and training for Oxfordshire's school governors. Additionally, the academy maintained its membership of the National Governors Association and procured the Gold service enabling all trustees and all local governing bodies access to independent advice on all aspects of multi-academy trust governance.

In November 2015, the Trust appointed an Academy Secretary on a regular contract (30-hours per week), specifically to improve the communication between Trustees and Local Governing Bodies with respect to maintaining consistent policies, procedures and induction training. This appointment holds the master record of Company policies, acts as Clerk to the Trustees and maintains the Trust Scheme of Delegation. This has delivered a step-change in our approach to Governance which we will continue to evolve in the next year.

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<sup>1</sup> <http://www.faringdon.academy/articles-of-association/>

## **Faringdon Academy of Schools Trustees' Report (continued)**

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### **Organisational Structure**

The academy has defined the responsibilities of each person involved in the administration of academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The financial reporting structure is illustrated below:

### **The Board of Trustees**

The Board of Trustees has overall responsibility for the administration of the academy's finances. The main responsibilities of the Board of Trustees are prescribed in the Master Funding Agreement and respective Supplemental Funding Agreements between the academy and the DfE and in the academy's Scheme of Delegation. The main responsibilities include:

- Ensuring that the grant from the DfE is used only for the purposes intended.
- Approval of the annual budget for each school.
- Appointment of the Accounting Officer.
- Appointment of the Finance Director, in conjunction with the Accounting Officer.

The Board of Trustees has wide discretion over its use of the academy's funds, and is ultimately responsible for the proper stewardship of those funds and for ensuring **economy, efficiency and effectiveness** in their use – the three key elements of value for money. It must also ensure that it uses its discretion reasonably, and takes into account any and all relevant guidance on accountability or propriety.

### **The Faringdon Academy of Schools Resources Committee**

The Academy Resources Committee is a committee of the Board of Trustees. The Committee meets at least once per term, but more frequent meetings are arranged as necessary. The main responsibilities of the Academy Resources Committee are detailed in written terms of reference which have been authorised by the Board of Trustees and they include:

- Providing guidance and direction for the annual budget process.
- Agreeing a mechanism for accounting for central academy services and setting the annual contribution from each school.
- The review and authorisation of the annual budget of each school and any subsequent revised budgets submitted in January of each school year.
- The regular monitoring of actual expenditure and income against budget.
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies.
- Authorising the award of contracts and leases over £25,000 per year.
- Authorising changes to the central academy personnel establishment.
- Reviewing the reports of the Audit Committee on the effectiveness of the financial procedures and controls. These reports must also be reported to the full Board of Trustees meeting.

Additionally, during this reporting period, the Resources Committee established mechanisms to monitor application of Pay Policy across the Academy. The Committee is directly supported by the Finance Committees from each academy school. School Finance Committees are responsible for their delegated budgets and for regular monitoring of actual expenditure and income against school budgets.

## **Faringdon Academy of Schools Trustees' Report (continued)**

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### **The Executive Head Teacher – Accounting Officer**

Faringdon Academy of Schools appointed an Executive Head Teacher on 1<sup>st</sup> April 2013. The Executive Head Teacher is the appointed Academy Accounting Officer and has overall personal responsibility for:

- Probity and regularity compliance.
- Prudent and economical academy administration.
- Keeping of proper academy accounts.
- Ensuring value for money and avoiding waste and extravagance across the whole academy.
- Efficient and effective use of available academy resources.

Much of the responsibility is delegated to the Academy Business & Finance Director to manage on a day-to-day basis. Additionally, within a framework that comprises the academy vision, strategic objectives and academy school improvement plan, approved by the Board of Trustees, each Head Teacher has responsibility for their individual School Development Plans including the setting of their school's individual budget and financial activities. Individual school budgets are approved by their respective Local Governing Body and submitted to the Board of Trustees, via the Academy Resources Committee for approval annually or as required.

### **The Academy Business & Finance Director**

The Academy Business & Finance Director works in close collaboration with the Accounting Officer through whom he is responsible to the Board of Trustees. The Business & Finance Director also has direct access to the Board of Trustees, the Academy Resources Committee and the Academy Audit Committee. The main responsibilities of the Business & Finance Director are:

- The day to day management of financial issues including the establishment and operation of a suitable accounting system.
- The management of the academy financial position at a strategic and operational level within the framework for financial control determined by the Board of Trustees.
- The maintenance of effective systems of internal control.
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy.
- The preparation of monthly management accounts.
- Ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance.

### **Other Staff**

Other members of staff, primarily the Deputy Business & Finance Director, the Academy Finance Officer, School Finance Officers, School Finance Assistants and budget holders at each school, will have some financial responsibilities and these are detailed in the Faringdon Academy of Schools Financial Regulations Manual (reviewed annually). All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the academy's financial procedures.

### **Related Parties and other Connected Charities and Organisations**

The Academy Trust is not part of a wider network such as a soft federation. For further details of related parties and transactions during the year, see notes 11 and 28 of the financial statements.

## **Faringdon Academy of Schools Trustees' Report (continued)**

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### **Objectives and Activities**

**Objects and Aims** - taken from the Objects as described in the Articles of Association:

*(a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum and which shall include:*

- i. Academies other than those designated Church of England, whether with or without a designated religious character; and*
- ii. Church of England Academies designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and in having regard to any advice and following any reasonable directives issued by the Diocesan Board of Education,*

*but in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England; and*

*(b) as ancillary to (a), and with the written agreement of the Trustees in respect of Academies falling under (a)(ii), to promote for the benefit of the inhabitants of the areas served by the Academies the provision of services for other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.*

### **Faringdon Academy of Schools Vision statement approved by the Board of Trustees:**

"Our Academy will create a seamless educational experience for our students across all key stages to develop responsible, capable and confident young people who are active citizens in the 21st Century. We will achieve outstanding progression and maximise pupil achievement in all Academy schools through a rich and motivating curriculum. The Academy will be recognized by our staff, parents and the local community as providers of a safe, creative and ethical environment reinforced by a vibrant Community Dimension. Overall, we will ensure that the Academy proactively adds value to each partner school so that the sum is always greater than the individual parts."

# Faringdon Academy of Schools

## Trustees' Report (continued)

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### Objectives, Strategies and Activities

**Objectives** – The Academy reviewed its strategic objectives during the Autumn term of AY1516. Whilst the 5 key objectives were reaffirmed during the review, the performance indicators have been updated. These objectives and performance indicators will be reviewed in AY1617.

**1. Our aim is to be the best multi-school academy in southern England**

*Performance Indicators:*

- All Academy Schools to be judged as 'outstanding' as graded by Ofsted or by the Academy using Ofsted criteria.
- Early Years Foundation Stage: 65% to achieve a "good level of development".
- Key Stage 1: 100% of students to achieve age related expectation at the end of Year 2.
- Key Stage 2: 100% of students to achieve age related expectation at the end of Year 6.
- Key Stage 4:
  - 100% of students to achieve GCSE level 4 in English & Maths.
  - Value added score at the end of Year 11 to be judged as "significantly high".
- Key Stage 5: Achieve overall value added, top 25% of schools as graded by ALPs
- Quality of teaching and learning: 100%, by typicality, in each school to be good or better, with the exception of newly qualified teachers.
- Attendance of 96% or better in all schools.

*Note: All % targets are by exception; for example, named students (perhaps some on the SEN register for learning difficulties) can be discounted from the calculation.*

**2. We want to achieve seamless progression within and across all key stages**

*Performance Indicators:*

- Implement a common system to measure attainment and progress across all schools.
- Encourage a rich and motivating curriculum acknowledged through student and parental 'voice' feedback; and independent verification.

**3. Maximise engagement with students, their families and the local community to achieve a vibrant community dimension**

*Performance Indicators:*

- Grow the Academy Community Strategy, including development of all key partnerships and interactions, to create community cohesion across all FAoS schools.
- Annual report on the Academy's delivery of the community strategy provided to the Board.

**4. Build a viable and sustainable long term strategy for Faringdon Academy of Schools**

*Performance Indicators:*

- Refine the Academy Master Planning Proposals to meet the demand for pupil places for all academy schools in tune with the local Neighbourhood Plan.
- Grow FAoS to maximise the benefit of the academy programme for all schools within the local community.
- Together with FAoS schools, develop a FAoS personnel structure that is both viable and in sympathy with the changing national and local educational climate.

**5. Ensure that our Academy proactively adds value to member schools**

*Performance Indicators:*

- Academy Board to subjectively assess the quality of approved 'Added Value Projects' being successfully implemented each year; through assessment by Local Governing Bodies and the annual summer conference.
- Local Governing Bodies to develop their networking and identify opportunities to collaborate across academy schools to drive economies of scale.

## **Faringdon Academy of Schools Trustees' Report (continued)**

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**Strategies and Activities** – The key theme from last year's report was consolidation and learning to work more collaboratively as a group of schools. The support staff review, which sought to ensure equality and consistency across the support staff structure, concluded in the summer term of AY1415 with the recommendations accepted by the trustees at their June 2015 Board meeting. Consequently, September 2015 marked the implementation phase and notably the move to a central finance team. This has enabled a step change in our financial management and controls. A further recommendation from the review was the introduction of the Academy Secretary position in order to provide a more focused level of support to trustees and local governance. This key appointment has also made a significant improvement to the efficiency of our governance structures.

During AY1516, our top 2 strategic priorities have remained unchanged (school improvement and demographic change), but we have replaced last year's 3<sup>rd</sup> strategic priority (closer collaboration) with Academy Expansion. A summary of activity against these priorities is outlined below:

**Strategic Priority Number 1 (School Improvement)** – The MAT has a strong School Improvement Team, this consists of a Director of School Improvement as well as two primary colleagues who lead on Early Years and Key Stage 1 and the second colleague on Key Stage 2. One of the primary colleagues was signed off as an Ofsted Inspector during the academic year, the other colleague is awaiting to start her training. The Director of School Improvement, also trained to be an Ofsted Lead Inspector.

In this reporting period, the team have focused on raising student outcomes as well as seeking to increase the Ofsted rating of each school. Every school in the academy has received an internal health check; some of these visits looked generally across all aspects of the school, whilst other visits focused on specific activities such as reading. The aim of these health checks is to support the school's leadership team in their drive in school improvement, and also to help them prepare for an Ofsted inspection. On each of the health checks there is also another academy Headteacher and this has been designed to provide a professional development opportunity for them, but also to allow them support each other, as well as identify and discuss good practice.

The activity of the School Improvement Team is determined by the resources currently available. The Academy aspires to provide greater resource to this activity so that we can further improve work towards this strategic priority.

**Strategic Priority Number 2 (Demographic Growth)** – During this operating period, we have continued to experience an increase in pupil numbers at each of our schools. Common to previous reports, we have worked closely with Oxfordshire County Council's Schools Organisation & Planning Team to keep abreast of demographic growth within our community.

In October 2015, we delivered a new 4 classroom block at Watchfield Primary School enabling an expansion to a full 2 Form Entry (FE) school. There is a shifting dynamic at Watchfield as the percentage of local children increases due to local housing developments and concurrently the percentage of service children from the Defence Academy has slightly reduced.

At Faringdon Junior School, we delivered a new 3 classroom block and 2 extensions to the old school with ablution and cloakroom facilities which will enable the school to evolve from a 3FE junior school to a 2 FE primary school in due course. Initially the additional new teaching accommodation is being used to absorb a shortage of capacity at Faringdon Infant School.

At Faringdon Infant School, we completed emergency work to demolish an unsafe classroom and to make good the remaining space. Pressure on pupil places at this school remains high but has not grown at the expected rate as the strategic housing developments planned for Faringdon have not yet come to fruition. Together with Oxfordshire County Council, our joint intention is to re-locate Faringdon Infant School to a new site and to increase the age range in order to transform it into a second 2FE primary school. The new site is unlikely to be ready before September 2021 though we need to amend our admissions policy as a priority to enable this transition.

## Faringdon Academy of Schools Trustees' Report (continued)

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At Longcot & Fernham Primary School we procured the lease of the village community room, within the school boundary, in order to provide additional capacity at the school. The room was subject to extensive work services over the summer months to transform it into a reception classroom. The additional capacity has been filled almost immediately as the School is rated as Ofsted outstanding and demand for places remains high.

At John Blandy Primary School, pupil numbers have been slower to materialise than originally anticipated, though housing development in the village and immediate area has been significant and ongoing. Work in previous years will permit the school to achieve full 1FE entry, though there are pinch points in some year groups. The Trust is working with Oxfordshire County Council to deliver a 2-storey, 6 classroom block to enable the school to expand to 1.5FE by September 2017.

Additionally, following the provision of an additional temporary classroom at Shrivenham Primary School earlier in 2015, the school is expanding to its full 1FE capacity. The current forecasts are that the school will need to expand to 1.5 or possibly 2FE and there is no scope to develop the existing site further. Options are currently being explored to meet this demand.

A growing priority is the expansion of Faringdon Community College. In September 2015, we accepted a move to 8FE intake at year 7. This pressure is now set to endure for both 2016 and 2017 and then increase with a requirement for 9FE from September 2019. The school will operate beyond its PAN in AY1617. The Trust is working closely with Oxfordshire County Council to expand the school, though problems with design, funding and governance arrangements have delayed the start of this project until late 2017 with the likelihood that new accommodation will not be ready in time for September 2018.

Responding to demographic changes within the local community will remain a strategic priority and a key risk for the Academy the foreseeable future.

**Strategic Priority Number 3 (Academy Expansion)** – In March 2016, the Chairman, Executive Head Teacher and Business & Finance Director met with the Regional Schools Commissioner to discuss the academy programme and the requirement to expand the trust. The RSC outlined the DfE policy which made it clear that successful trusts will be encouraged to expand and expected to play a stronger part in supporting less successful schools in our region. The RSC strongly recommended that Faringdon Academy of Schools should seek to expand and to apply to become an Academy Sponsor.

At a Board meeting in April 2016, the Trustees agreed in principle to a further expansion of the Academy. It was acknowledged that expansion was required in order to provide a model that was both financially sustainable and one which could provide opportunities for school improvement for all schools in the trust; the priority was to expand with another secondary school. In the summer term, the Executive Head Teacher, Director of School Improvement and the Business & Finance Director submitted an Academy Sponsor application. In July 2016, we were formally recognised as an Academy Sponsor.

The implementation of the support staff organisation review in September 2015 has placed the trust in a more stable position to enable expansion. The review delivered a leaner structure, with consistent grades across academy schools and critically a centralised finance and HR team which has started to redress the many inconsistent processes that have been identified across academy schools.

Our aspiration is to expand our trust to include a further one or 2 secondary schools, perhaps each with a number of feeder primary schools. This will enable the trust to continue and widen the collaboration that we have achieved across our primary schools and introduce more opportunities for similar collaboration at secondary level. We anticipate that a group of this size will offer further economies of scale and a sustainable financial structure.

Academy expansion will remain a strategic priority for AY1617.

## **Faringdon Academy of Schools Trustees' Report (continued)**

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### **Public Benefit**

The trustees of Faringdon Academy of Schools confirm that they have complied with their duty in Section 17(5) of the 2011 Charities Act to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

Faringdon Academy of Schools comprises a mixed comprehensive secondary school with a successful 6<sup>th</sup> Form, a Junior School and an Infant School, 3 Church of England Primary Schools and 2 Primary Schools. Together they offer an excellent educational environment for over 2600 pupils. Our successes are built upon the efforts of a highly qualified, hard-working and enthusiastic staff, well-motivated pupils, very supportive parents and a highly committed Academy Board with a strong connection with the local community. All of our schools have high quality pastoral care systems.

Faringdon Academy of Schools has excellent links with other Oxfordshire Academies, the Defence Academy, and so many more groups in our community. This ensures that we continue to generate better educational programmes for all young people, as well as improving our transitional activities for students who will be coming to Faringdon Community College.

We value highly all contact with parents since we see a successful education being a partnership between parents, students and the school. By working together, we are able to meet our aim of ensuring that all who attend our Academy Schools will find it challenging, stimulating, caring and a happy place to be.

Enabled by our close partnership and community connections, all pupils within member schools are able to participate in a wide variety of sports, clubs, trips and activities. The Academy has further developed Saturday School, held at the Community College to utilise the outstanding facilities and this is accessible by all pupils at academy schools. Saturday School offers diverse activities from technology clubs, web design, drama, cooking, music, art and first aid workshops. The popularity of Saturday School continues to accelerate and we hope to increase the range of options as the Academy expands in the coming year. This initiative is funded via a grant from central academy funds and contributions from those attending.

Additionally, Faringdon Community College ran a summer school to further smooth the transition of pupils from year 6 into year 7, to build their confidence and to familiarise them with their new school prior to starting in September. Summer school focused on fun activities from across the curriculum and was funded by an EFA grant. Regrettably this grant has been discontinued and the academy will need to take a view on whether it can afford to operate a similar model from in-year funds in 2016.

## **Strategic Report**

### **Achievements and Performance**

Faringdon Academy of Schools primary output is the delivery of outstanding education to all pupils in our Academy schools. The following information and data summarises the achievement and performance data for each Academy school from an educational perspective.

**Faringdon Community College** - reviewed by Ofsted as outstanding since 2008.

Ofsted rating: Grade 1 (March 2008)

#### **Key Stage 4: GCSE Results 2016**

- Progress 8: +0.19 (rank top 30% of schools).
- Attainment 8: 5.4 (average GCSE grade attained a C+ and rank top 25 % of schools).
- Percentage achieving A\*-C (E+M) 74% (rank top 25% of schools).
- Percentage achieving 5A\*-A: 23%.
- Total points achieved per pupil 469 points.
- Best 8 achieved per pupil 345 points.
- Ebacc: 29%.
- Progress SEN support +0.28.
- Progress FSM6 -0.13.

Summary: almost all figures represent an improvement on 2015. Achieving the top 25% of schools for attainment is clearly a very pleasing performance. The progress made by pupils who receive SEN support is very good and a significant improvement on last year. There is still work to do in order to improve the progress made by FSM6 pupils but this also was a notable improvement on 2015 and the trend is in the right direction.

#### **A Level 2016**

- Percentage passes at A\*/A 29%.
- Percentage passes at A\*/B 57%.
- Percentage passes at A\*/E 99%.
- Percentage of pupils who achieved a minimum of 2A\*/B passes was 61%.
- 47% of year 13 achieved places at a Russell Group University.
- A level Performance Systems grade for progress 3, top 25% of schools.
- 12 out of 25 core subjects performed in the top 25% of departments nationally.
- 7 out of the core subjects performed in the top 10% of departments nationally.

Summary: A very good and pleasing set of results.

**Faringdon Academy of Schools  
Trustees' Report (continued)**

**Primary School Summary**

End of Key Stage Performance 2015-16; Please note, all EY, KS1 and Writing scores are **teacher assessments**. The remainder of the KS2 scores are test outcomes as are the phonics screening scores.

School & Ofsted rating		Attainment (% reaching the expected standard or above)				Progress +/- score (Value added score from KS1-2 from Raise)			Phonics Y1 %	EY % GLD	Combined RWM
		Reading	Writing	SPAG	Maths	Reading	Writing	Maths			
FJS (Grade 2 2013)	KS2	71	71	75	68	0.2	-1.3	-0.4			59%
	<p><i>Commentary: 75 pupils in this cohort. Reading above national, delighted as this was a real focus for improvement. Maths has gone down (usually the strongest of the core) – 9 pupils got a standardised score of 98 and 1 got 99 marks (so, this could have been 81% had these achieved a few more marks). RWM low compared to individual subjects – but 4% higher than national.</i></p>									6% above national	
Buckland (Grade 2 2011)	KS2	100	80	80	90	7.1	2.3	5.3			80%
	KS1	100	80	87	93				93	75	
	<p><i>Commentary: 2 SEN pupils KS2 didn't meet expected in writing and SPAG and 1 in maths. 40% working at a high standard in maths/ 70% in reading and 40% at greater depth in writing at KS2.</i></p>									27% above national	
Shrivenham (Grade 2 2013)	KS2	86	86	86	86	1.2	-1.3	0.2			77%
	KS1	77	73	77	73				89	73	
	<p><i>Commentary: cohort of 22 for Year 6; cohort of 30 for KS1 data. Pupils in KS1 only achieved 50% GLD when they were in EY so progress is good for this cohort even though attainment is down on last year for KS1. Phonics and EY is up from previous year. KS2 writing progress is weaker mainly due to our higher attainers not reaching the 'greater depth' standard although their standardised scores in SPAG do support their good progress.</i></p>									24% above national	
John Blandy (Grade 3 2013)	KS2	63	58	63	58	0	-3.6	-3.5			47%
	KS1	81	81	59	78				87	63	
	<p><i>Commentary: Results reflect a changing context to our school. 20% of the pupils at John Blandy 'turned over' during the year, creating highly mobile and unstable cohorts. There was an increase in the percentage of pupils from vulnerable groups (PPG, Forces, SEND and those supported through the CAF/TAC process) over the course of the year, as well as 3 children with significant behavioural/emotional needs requiring 1:1 support. These increases significantly affected pupil outcomes across the school.</i></p> <p><i>Year 6 was a small and challenging cohort- 19 children of which 21% had SEND, 21% PPG and 37% were identified as Young Carers. 15% of the class joined our school in either Year 5 or 6, making progress across the KS difficult to gauge as 'true' progress across our KS.</i></p> <p><i>Yr 1 phonics shows an upward trend year on year. GLD is lower than previous two years- challenging cohort. Progress in this group was strong despite lower GLD.</i></p> <p><i>KS1 results are above the National Average (with the exception of SPaG).</i></p>									6% below national	

**Faringdon Academy of Schools  
Trustees' Report (continued)**

School & Ofsted rating		Attainment (% reaching the expected standard or above)				Progress +/- score (Value added score from KS1-2 from Raise)			Phonics Y1 %	EY % GLD	Combined RWM
		Reading	Writing	SPAG	Maths	Reading	Writing	Maths			
Longcot & Fernham (Grade 1 2009)	KS2	88	75	81	75	1.5	-0.3	-1.9			63%
	KS1	89	83	89	94				95	79	
	<p><i>Commentary: 2 low ability KS2 pupils didn't reach expected standard in Reading, Writing and SPAG in a small cohort of 16 pupils, 1 pupil not able to access English test. Positive trend in Y1 phonics as well as KS1.</i></p>										10% above national
Watchfield (Grade 2 2010)	KS2	70	67	70	79	-1.3	1.0	-1.5			64%
	KS1	78	65		73				51	66	
	<p><i>Commentary: GLD shows an increase of 18% on 2015, broadly matching National Averages. Phonics shows a significant decrease. Some of which is cohort specific.</i></p> <p><i>At KS2, children made broadly expected progress. There was a higher than usual proportion of SEN children within the cohort and the percentage of lower achieving children from KS1 was also higher than is usual. Despite the percentage of children achieving expected standard in writing, progress was better for writing than for reading and maths.</i></p> <p><i>KS1 results show our need to focus on writing, so we can attain a level in line with reading.</i></p>										11% above national
FIS (Grade 2 2013)	KS1	67	50	50	67				75	58	
	<p><i>Commentary: GLD has risen again from 48% in 2015 to 57%. There has been an accompanying rise in average point score to 31 against the national of 34. The large majority make expected (97% average across 4 subjects) and rapid progress (average 84% across 4 subject areas) with good shifts to ARE from low starting points.</i></p> <p><i>KS1 made positive shifts from the end of Foundation (ELG). In reading and maths there was a 21% positive shift and writing made a 12% positive shift. 86% of Yr 2 children who re-took the phonics test passed. The Year 2 team were moderated by County and all assessments were agreed and there was a high standard of evidence to support assessments.</i></p> <p><i>Phonics results in Year 1 rose from 61% to 75% (ELG in reading for that cohort was 56%).</i></p>										

# Faringdon Academy of Schools

## Trustees' Report (continued)

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### Key Performance Indicators

The Board of Trustees approved an overall Academy budget for the period 1<sup>st</sup> September 2015 to 31<sup>st</sup> August 2016. During this period, our total General Annual Grant was £10.708M. Furthermore:

- The Academy predicted a total income of £12.574M and we received £12.646M<sup>2</sup> or 101%.
- The Academy predicted staffing costs at £9.907M and we actually spent £10.100M or 102%.
- The Academy predicted total revenue expenditure at £12.773M and we actually achieved £12.581M<sup>3</sup> or 98%.

The financial position of the trust remains a key concern for trustees and it is articulated as one of our top 3 risks. Whilst costs continue to grow, particularly staff costs, our income has been flat and looks set to reduce with the removal of the Education Services Grant starting in AY1617; this represents a loss of over £200K by 2020. Widely reported increases to employer's contribution to both LGPS (April 2017), TPS (April 2019) and the introduction of the Apprentice Levy (April 2017), combined with the postponement of the National Funding Formula, present an extremely gloomy outlook for all academy trusts.

**Trustees remain concerned that the delayed introduction of the National Funding Formula will have a significant impact on the financial position of the Trust as it operates in one of the lowest funded local authority areas; and, as an academy experiencing significant growth in pupil number the time lag in funding these pupils when combined with current funding levels will have a negative impact on the overall quality of our outputs in the coming years.**

### Going Concern

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

### Financial Review

Faringdon Academy of Schools converted to a multi-academy trust on 1<sup>st</sup> April 2012 and an Academies Financial Management and Governance Evaluation was undertaken within four months of the conversion date and submitted to the Education Funding Agency in accordance with a published submission deadline.

In September 2013, the Academy established an Independent Audit Committee with 5 members together with a Peer Review member who is allocated up to 6-days to conduct internal audit observations and checks on behalf of the Committee. The Audit Committee presented their 3<sup>rd</sup> annual report to the Academy Board on 24<sup>th</sup> November 2016 – further details are included on pages 25 and 28.

This period marked the reduction of the Education Services Grant from a previous high of £167 per pupil to £87 per pupil from September 2015. This represents a reduction in funding of £44K compared to AY1415 and this will reduce by a further £90K in AY1617.

A further negative impact was the 3.4% increase in employers NI contributions introduced in April 2016 and the 2.3% increase to employer's contribution to TPS from September 2015. At present, with annual staff increments, the 1% cost of living pay rise, increases to TPS and NI, our staffing costs are growing disproportionate relative to our annual income.

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<sup>2</sup> Excludes Special Purpose income (largely parental income for trips)

<sup>3</sup> Excludes depreciation, FRS102 pension costs and Special Purpose expenditure.

## **Faringdon Academy of Schools Trustees' Report (continued)**

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Moreover, during this reporting period we learned that the National Funding Formula which was due to be introduced from September 2017 has been delayed until at least September 2018. Our expectation is that because Oxfordshire Academies receive one of the lowest levels of per pupil funding, we stand to benefit from the introduction of the new formula. The delay to the introduction is a concern and particularly as the EFA have now confirmed their intention to remove the Education Services Grant completely by 2020. **The enduring downward pressure on revenue funding remains a cause of significant concern for trustees.**

In September 2015, the Trust submitted a bid to the EFA for emergency funding of £137K to address a critical premises matter at Faringdon Infant School. The Trust was advised in October 2015 that the EFA accepted the requirement and that they approved the proposed scheme to resolve the matter, but our bid was rejected because it was felt that the Academy had sufficient funds to resolve the matter. The Academy Resources Committee reviewed this matter and agreed to fund the emergency repairs with £85K coming from Faringdon Infant Schools revenue reserves and the balance from the central reserve. This experience sends a clear message to trustees and the academy leadership that the EFA expect the Academy to utilise reserve funding as required and regardless of any individual school reserve position.

In December 2015, the Trust submitted 10 bids to the Capital Improvement Fund (CIF) for priority repair and maintenance work at 5 of our 8 schools; the bid totalled £1.5M. In March 2016, we were advised that 3 of the 10 projects had been successful and we subsequently received £570.5K of capital funding. Whilst extremely welcome, the grant fell well short of the £1.5M requested and these projects will be resubmitted in December 2016. **The significant shortfall in capital funding to redress major premises matters remains a concern for trustees.**

## Faringdon Academy of Schools Trustees' Report (continued)

### Fund balances

The total fund balances of the Academy at 31st August 2016, as detailed in Note 17 to the financial statements, amounted to £17.335M. Excluding the fixed asset fund (representing the net book value of fixed assets) of £20.945M and the pension deficit fund of £5.219M, revenue and capital reserves amounted to £1.609M and are summarised as follows:

<b>Analysis of academies by fund balance</b>			
Fund balances at 31 August were allocated as follows:			
		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
<b>Revenue reserves</b>			
Faringdon Community College		527,204	528,888
Faringdon Junior School		151,967	242,017
Faringdon Infant School		166,186	166,924
Buckland CofE Primary School		155,955	104,519
John Blandy VC Primary School		(146,577)	(66,732)
Longcot and Fernham CofE Primary School		137,246	110,184
Shrivenham CofE Controlled School		11,482	(24,251)
Watchfield Primary School		134,549	67,327
Central services - main funds		332,729	324,948
Total before fixed assets and pension reserve		1,470,741	1,453,824
Unspent capital funds		138,659	71,243
Fixed asset fund (representing net book value of fixed assets)		20,944,621	17,954,287
Pension reserve		(5,219,000)	(2,696,000)
<b>Total funds</b>		<b>17,335,021</b>	<b>16,594,354</b>

### Reserves Policy

The Trust has a healthy reserve position made up of individual school reserves and an element of central reserve that has accrued since expansion in November 2013. Individual academy school reserves comprise a significant element of funding that was transferred to the trust from Oxfordshire County Council on conversion. The central reserve was established to enable the trust to respond to emergency premises matters that individual schools could not address. The central academy office maintains high-level property surveys of all 8 sites to identify the key issues that need to be addressed over the next 5-years; these surveys identify a requirement for ~£2.3M of routine works service. At present, the Academy is unable to meet this requirement within existing funding levels and we are required to prioritise projects and apply for CIF grants to make-up the shortfall. Nonetheless, a central academy reserve is required in order to meet in-year emergencies as they arise. The property surveys for all 8 schools will be updated in detail by December 2017 and the original 3 schools (FCC, FIS and FJS) will be completed by December 2016. A growing concern is the declining condition of 12 temporary classrooms at FCC that are nearly 30-years old and beyond economic repair.

## **Faringdon Academy of Schools Trustees' Report (continued)**

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In the last reporting period, the Academy Resources Committee completed a review of Academy reserves in order to develop a Reserves Policy. This work was further informed by the latest guidance from the EFA regarding multi-academy trust reserves and clear indication that there is an expectation that Trustees are expected to pool reserves to use them where required.

This leads to the conclusion that an individual academy school surplus reserve may not be wholly available to that school at a given time. To ensure that the academy has an accurate understanding of reserves, the Academy Business & Finance Director maintains a detailed 3-year plan which shows the position for each school and the overall position for the academy. We have developed some assumptions, approved by the Academy Resources Committee, to ensure that the academy retains a sufficient reserve to support its outputs. The plan enables individual academy schools to propose expenditure against their surplus balances to deliver school improvement plans, however it acknowledges that Trustees may be required to prioritise expenditure to ensure the academy always retains a sufficient reserve.

The 3-year plan identifies that due to rising staff costs and reducing funding levels, the Trust reserves are due to drop from the high of £1.525M (AY1415) to ~£0.830M by AY1819.

On 31 August 2016 the Academy held the following Reserves (excluding Condition Improvement Funds, Fixed Asset Fund and Pension Deficit):

	£
Unrestricted General Funds	692,114
Restricted General Funds	778,627
Restricted Capital Funds – general	<u>3,793</u>
Reserves at 31 August 2016	<u>1,474,534</u>

In previous reports we have stated that the LGPS deficit is likely to be met in the longer term from any combination of increased employer or employee contributions, increased government funding or change to scheme benefits. However, our FRS102 report for this operating period highlighted an increase in this deficit from £2.885M in August 2015 to £5.219M in August 2016 and simply as a result of a change to financial assumptions; Trustees are anticipating an increase to employer's contributions in April 2017. However, Trustees are concerned about the rapid growth in the deficit and the long term implications that this might have on the Trust. This position will be closely monitored during future periods.

The restricted funds will be spent in accordance with the terms of the particular funds.

### **Investment Policy**

Investments will be made only in accordance with written procedures approved by the Board of Trustees. At present, all funds held by the Academy as at the 31 August 2016 were in an interest bearing account with Lloyds Banking Group. The Academy Resources Committee has debated options to invest money and they have had further discussions with our relationship manager at Lloyds Bank. Given the lack of certainty of future grant funding, enduring pressure on individual school budgets, the scale of new capital projects due to be delivered in the next 2-3 years and the scope of the forward maintenance plan, it is considered that we do not have sufficient funds to lock into an investment policy at this time. This position will be reviewed by Trustees again during AY1617.

## Faringdon Academy of Schools Trustees' Report (continued)

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### Principal Risks and Uncertainties

The trustees conducted a full review of the Academy Strategic Plan which incorporates our strategic risk management policy and the risk register during the Spring Term. The revised Plan was approved and reissued to trustees on 26<sup>th</sup> March 2015. The risk register is a standing agenda item on the Academy Resources Committee meeting and all major risks are discussed at Board meetings. At an operational level, the internal control systems and the exposure to risks are considered on a regular basis by the Executive Head Teacher and the Academy Leadership Team.

The Academy Strategic Plan outlines the academies operating procedures together with our means of identifying, analysing, managing, implementing strategies and reviewing risks. The Board of Trustees has made a considered choice about its desired risk profile, taking account of its legal obligations, its strategic objectives and public expectations of what it should deliver.

The Board of Trustees define risk as:

*The probability and implications of an activity or event of potentially positive or negative consequences taking place.*

This definition of risk enables an approach that allows for the possibility of identifying and exploiting opportunities as well as identifying and mitigating threats. The Faringdon Academy of Schools Risk Management strategy comprises 4 steps:

- **Step 1 – Risk Identification** - In simple terms, risk identification aims to recognise what could go wrong, and how. It begins with the annual review of strategic objectives and the subsequent work conducted by the 4 Academy sub-committees (Resources, Safety & Facilities Management, Performance & Standards and PR & Community). However, all Trustees, Head Teachers and members of Academy Leadership Teams are responsible for highlighting any key risks that they identify. Strategic risks should be passed to the Academy Business & Finance Director to collate in the Academy Risk Register for further analysis.
- **Step 2 – Risk Analysis** – Risk analysis seeks to understand the likelihood of the activity or event occurring, the potential severity of the outcome, and to ascertain who owns each risk. The Academy has developed a risk matrix, showing likelihood versus impact, to determine the risk of any single event occurring.
- **Step 3 – Risk Management** - Having identified and assessed the likely risks, the Board of Trustees, Academy sub-committees and/or Academy Leadership Team develop measures to reduce their likelihood and impact, mitigate unfavourable outcomes, and exploit opportunities that may arise. Risks are prioritised, so that attention can be focused on mitigating the most severe first.
- **Step 4 – Review** – This process is an iterative process. The Risk Register is maintained by the Academy Central Office, owned by the Academy Business & Finance Director; it is reviewed regularly by the Academy Leadership Team and Executive Head Teacher who is responsible for raising strategic risks to the Board of Trustees. The Risk Management Strategy and the Risk Register must be reviewed annually by the Board of Trustees. Both the Risk Strategy and Risk Register are available on the Academy website to enable all Trustees to be familiar with strategic risks.

## **Faringdon Academy of Schools**

### **Trustees' Report (continued)**

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The Academy Risk Register is an iterative document and it was subjected to a full review and reissue by the Board in March 2016. The Academy Business & Finance Director maintains the Risk Register and the key risks that have been identified are owned by either the Board or delegated to the appropriate Academy Committee. From 1<sup>st</sup> September 2015 to 31<sup>st</sup> August 2016, the Academy's key risks remained the same as those articulated in the 2015 Annual Report:

**Potential failure of Academy Board to secure sufficient funds to deliver strategic objectives.**

This remains the Trust's top risk due to falling revenue income and rising staff costs. As already identified, income is reducing significantly due to reducing levels of Education Services Grant and confirmation that this will be removed entirely by AY2020 (a loss of over £200K). Rising staff costs are incurred through increases to TPS, NI, annual increments and the cost of living pay rise. Additionally, it is becoming increasingly difficult to attract teaching staff and senior leaders in this region. Consequently, we are having to offer higher rates of pay to attract staff for critical posts. Staff costs have increased by £799K compared to AY1415.

We had hoped to mitigate rising staff costs and the loss of ESG with higher per pupil funding levels with the introduction of the National Funding Formula from September 2017. However, with the delayed introduction until at least September 2018, and with further significant increases due for both LGPS and TPS, this risk will remain as a standing agenda item at Board meetings for the foreseeable future.

**Potential of Academy to fail to respond to demographic changes in local community.** In September 2015, Trustees agreed a revised master infrastructure strategy produced in close collaboration with Oxfordshire County Council. The strategy outlines how the trust will respond to rising pupil numbers at each of the 8 academy schools. The Trust continues to work closely with Oxfordshire County Council to meet this requirement. In AY1516, the Trust increased capacity at a number of schools as outlined on page 9. However, housing developments within Shrivenham and Southmoor continue to place growing pressure on spaces at Shrivenham Primary School and John Blandy Primary School; all of our other schools (except Watchfield) are operating at or beyond their full capacity in one or more of their year groups.

The master infrastructure strategy, includes a proposal to move from a 3-tier to a 2-tier education system in Faringdon Town by converting Faringdon Junior School to a 2FE primary school and Faringdon Infant School will relocate to a new site and become a second 2FE primary school. Originally this was due to happen by Sep 2018, but a delay to major housing developments in Faringdon has postponed the programme until at least Sep 2021. The work to convert Faringdon Junior School into a primary school was completed in 2016. Capacity at both of these schools is already extremely tight and a new admissions policy will need to be issued for consultation in the autumn term of 2016 in order to facilitate a transition to the new 2-tier system in September 2021.

The highest risk in this category is that the proposed expansion to Faringdon Community College will not be complete by September 2018. Work to agree an appropriate solution continues to be hampered by the escalating cost of the construction and agreement on an appropriate design that enables the school to deliver full 9FE capacity; an increase of ~400 pupils places pressure on all other aspects of the school from circulation spaces, hard play areas, catering and dining and additional car parking for staff. We take the view that a major expansion of the school must be considered holistically and not simply in terms of adding additional classrooms.

We anticipate that this risk will remain critical for the foreseeable future and it will be reported to the Board as a standing agenda item through AY1617.

## **Faringdon Academy of Schools Trustees' Report (continued)**

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**Potential of Academy Schools to sustain favourable Ofsted inspections.** The Board acknowledges that our future success is inextricably linked to the performance of each of our academy schools and the continuous improvement of our reputation and achievements. The Board acknowledges this enduring risk and has the following mitigation:

- The Academy Performance & Standards Committee provide governance and strategic direction to manage school improvement. This committee reports directly to the Board of Trustees.
- The Academy Executive Head Teacher is appointed to oversee teaching and learning across the whole academy.
- The Academy School Improvement Team, comprising experienced teachers and led by a trained and current Ofsted inspector is responsible for the strategy for school improvement across the academy and has established a programme of pre-Ofsted inspection visits to support and advise each Head Teacher.
- The Academy Leadership Team, led by the Executive Head Teacher and comprising the Director of School Improvement, each Head Teacher and the Academy Business & Finance Director meet monthly with a focus on teaching and learning and school improvement.

Trustees acknowledge that this will remain as one of our top risks.

### **Plans for Future Periods**

The main focus of the Trust will always be the continuous improvement of the schools within our trust and the ongoing development of our staff. During the next period we will focus on the development of school leaders, recognising the national shortage of Headteachers and other senior leaders, through an Academy leadership programme identifying those just exploring leadership to those where Headship should be the next step. We will also build on our success of school improvement by increasing the expertise in our Academy Improvement Team through the use of Specialist Leaders in Education. Finally, enhanced moderation activities across the Academy will take place in order to consolidate standards and share best practice.

During AY1617, construction will start on a new 6 classroom teaching block at John Blandy Primary School to enable the school to expand to 1.5FE; this project is due to be completed in time for a September 2017 intake. Furthermore, trustees expect to approve the design and procurement of new accommodation at Faringdon Community College to enable expansion to full 9FE capacity. This will be a major construction project of at least 21 classrooms. Work is due to begin toward the end of 2017 with a completion date of August 2018. The Trust will also continue to work with Oxfordshire County Council to develop options for a new school in Shrivenham to meet 1.5/2FE and seek confirmation on the timescale for the new primary school in Faringdon.

We will continue to develop our supporting structures following the support staff review in 2015. The centralisation of the finance team has proved to be a model of best practice and we will continue to exploit the benefits that this change has to offer. Our governance structure continues to evolve and the centralisation of all local governing body clerks working to the Academy Secretary from September 2016 offers further improvements in communications between trustees and local governance. This will be further enhanced by the roll-out of new websites for all academy schools based on a common platform together with an intranet capability as the repository for all academy policies and formal documentation. Improvements in our HR systems and recruitment processes will also continue to evolve and develop. Efficiencies in our support organisation are essential if we are to meet the challenges of the gloomy financial climate ahead of us.

Notwithstanding all of the above, the single item likely to dominate the immediate future will be the expansion of the academy trust. The trust has acknowledged the need to expand in order to offer continuous improvement opportunities for all schools in the trust and to secure our financial sustainability for the long term. The Executive Head Teacher, Director of School Improvement and the Academy Business & Finance Director are actively pursuing opportunities to engage with local schools and academy trusts. There is a clear momentum behind this initiative and we expect to report significant progress during the next reporting period.

**Faringdon Academy of Schools  
Trustees' Report (continued)**

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**Funds Held as Custodian Trustee on Behalf of Others**

The trust holds no Assets and Funds as Custodian Trustee on behalf of others.

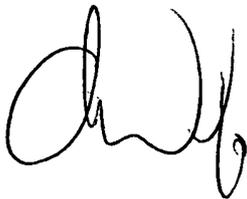
**Auditor**

Insofar as the trustees are aware:

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

Trustees agreed to reappoint Critchley's as the external auditors for the next reporting period.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 8<sup>th</sup> December 2016 and signed on the board's behalf by:



**Bob Wintringham**  
Chairman of the Board of Trustees

## **Scope of Responsibility**

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

The board of trustees has delegated the day-to-day responsibility to the Executive Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Faringdon Academy of Schools and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

## **Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 7 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Bob Wintringham	7	7
Liz Holmes	6	7
Alun Williams	2	4
Christine Price-Smith	6	7
David Wilson	7	7
Ian Wright	5	7
Jeremy Twynam	7	7
Paul Turner (Trustee)	2	3
Paul Turner (Co-opted)	4	4
Rachel Kenyon	7	7
Richard Hancock	4	7
Jan Wiejak	3	3
Louise Warren	4	4

Resignations and Appointments during the year:

- Paul Turner resigned as a trustee on 31<sup>st</sup> December 2016 on his retirement as head teacher at Faringdon Junior School. He was appointed as a co-opted trustee in January 2016.
- Alun Williams resigned as a trustee on 29<sup>th</sup> February 2016.
- Louise Warren, head teacher Buckland Primary Schools, was appointed as a trustee on 1<sup>st</sup> January 2016.
- Jan Wiejak was appointed as a trustee on 4<sup>th</sup> March 2016

## **Faringdon Academy of Schools Governance Statement (continued)**

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Further to the strategic risks outlined in the sections above, this has been a demanding period for the Board of Trustees and additional particular challenges have included:

- Keeping pace with the changing political situation and how that equates to education and specifically the academy programme. Trying to pick a pathway that ensures the long term viability of the trust and its academy schools against a backdrop of an extremely challenging financial climate combined with confusing changes of policy or delays to policy is becoming ever more difficult.
- Recruiting and retaining experienced, motivated and capable school leaders in a tightly constrained resource environment; including the evolving role of the Executive Headteacher.
- Sustaining the engagement of volunteer trustees within an environment which demands growing accountability and responsibility.

### **Governance Reviews**

Our governance structure has continued to evolve and mature as our trust develops. In AY1516, as mentioned previously, the introduction of our Academy Secretary provided a step change in our ability to communicate between the trustees, our committee structure and our local governance body. Common terms of reference, a revised scheme of delegation, strategic plan and risk register have all evolved and now provide the foundation of how we operate as a group of schools. Improved communication between the board and local governance has helped to improve understanding and confidence in our trust model.

The majority of our local governing bodies have adopted the recommendations of the 2014/15 governance review which promoted a greater focus on teaching and learning. Most of the local governing bodies have reduced the number of sub-committees in favour of concentrating on learning outcomes. Financial performance is monitored at every school by monthly meetings with the head teacher, the lead local governor for finance together with the Academy Business & Finance Director (or deputy) and the appropriate finance officer. These meetings have increased the financial information available to head teachers and local governing bodies and provide better management information to inform decision making.

Trustees conducted their annual skills audit in the summer term which confirmed that the Board has trustees with the appropriate knowledge and experience. There is a requirement to recruit a new trustee for AY1617 with finance and business acumen; an appropriate volunteer has now been recruited.

With the likelihood that the academy will embark on an expansion programme during AY1617, governance structures will be subject to a full review during the new operating period.

### **Committees**

**Academy Resources Committee** - The academy resources committee is a sub-committee of the main board of trustees. The main roles and responsibilities of this committee are outlined on page 5 of this report.

During this reporting period, the key issues for the academy resources committee were -

- Continued oversight of the new payroll and HR administration contract.
- Oversight of the financial performance of the trust and in particular scrutiny of individual schools that cause concerns. Specifically, the committee have maintained oversight of activity to reduce the planned in-year deficit at Faringdon Community College and ongoing deficit at John Blandy Primary school.
- Implementation of recommendations raised by the internal and external audit processes.
- Implementation of the 2015 support staff organisational review.
- Approval of Academy budget for AY1617 and the revised 3-year financial plan.

## **Faringdon Academy of Schools Governance Statement (continued)**

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Attendance at meetings in the year was as follows:

<b>Trustee/Local Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Liz Holmes	4	4
Paul Turner	2	2
David Wilson	2	4
Jeremy Twynam	2	2
Martin Westmoreland (local governor)	4	4
David Hancox (local governor)	4	4
Louise Warren	1	2
Ian Wright	1	1

### **The Academy Audit Committee**

**Academy Audit Committee** - The Faringdon Academy of Schools Audit Committee has now completed its third year; it was set up to review the effectiveness of the operation of the Academy's FAS Process Owners systems, through scrutiny of its control of risk and delivery of statutory and legal obligations and the assessment of its internal controls. A Peer Reviewer is in place to undertake visits to Academy Schools to provide the Audit Committee with independent insight into the operation of the financial management arrangements it has established and that are operated by officers working for the Academy.

Over the past year the PR has undertaken the following:

- Review of purchasing, payroll and management reporting for Faringdon Junior School.
- Review of the controls around trip income for Faringdon Community College.
- Assurance that all actions from audit reports dated between November 2013 and December 2015 had been completed.
- Review of management reporting.
- Review of budgeting process
- Review of allocation of central costs

Additionally, within its meetings the audit committee has also debated and reviewed:

- The risk register.
- Anti-fraud and whistle blowing policies.
- Senior staff succession planning.

Attendance at meetings in the year was as follows:

<b>Committee Member</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Andrew Walsham	3	3
Andrew Row	3	3
Sara Hubbard	3	3
Paul Andrews	1	3
Michael Brady	0	3

## **Review of Value for Money**

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

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

- **Improving Educational Outcomes** – As reported in previous years, one of the immediate strengths of the expansion of the Academy was the formation of the Academy Leadership Team (ALT) which comprises every Head Teacher, our Director of School Improvement and the Executive Head Teacher. The group has met monthly with the specific focus of improving educational outcomes; this provides the operational means to deliver coherent improvements across our academy schools. In addition to the ALT, we established an Academy Improvement Team, AIT, headed by a trained Ofsted inspector (both primary and secondary); the team also includes outstanding key stage 1 and 2 teachers. Together they deliver a programme of improvement across all of our schools funded by contributions made by each school; this capability would simply be unaffordable without the collaborative approach of our multi-academy trust. However, the real strength of school improvement across the Academy comes from the support that schools give to one another at no additional cost. Experienced Headteachers mentor those new to the post, senior staff provide time to support the AIT and knowledge and expertise is shared freely across Academy schools.

AY1516 presented some challenges with respect to leadership at 2 of our primary schools. The headteacher at Faringdon Junior school retired on 31<sup>st</sup> December 2016 and the headteacher at John Blandy Primary School took maternity leave from autumn half term 2015 until the end of the academic year. In both instances, the academy was able to place interim measures utilising other headteachers and deputies from across the academy trust pending final resolution. At Faringdon Junior School, it took several attempts to appoint a new head who was able to start in June 2016. By using the experience that exists within the academy trust, we were able to provide affordable temporary solutions. It also provided significant CPD opportunities for the staff that covered these roles.

In recent years and in addition to formal academic improvements, we have built on extra-curricular events such as the Academy Art Project which we introduced in AY1314, the Academy Dance project in AY1415 and AY1516 we ran a debating project which once again enabled pupils from every school and every year group to contribute. We have continued with our successful Saturday School Programme, making use of the outstanding facilities at the secondary school to offer a range of activities from animation, technology clubs, cooking and music for all academy pupils.

- **Better Purchasing** – Following-on from the success of collaborative purchasing projects during AY1415, we have continued to work closely with the Oxfordshire Academies Business Managers Group to identify and deliver projects to improve value for money. Specifically, the group looked at accounting software packages, HR consultancy services and energy procurement. Whilst our Trust was not specifically in the market for changing our accounting software, we participated in the project to add support based on our experience of operating as a multi-academy trust. All of the academies that participated in the project opted to purchase PS Financials, the system in use at Faringdon Academy of Schools. Not only does this validate our decision to remain with PS Financials, it widens our network of local support and provides further opportunities for collaborative training and development of our finance staff.

## **Faringdon Academy of Schools Governance Statement (continued)**

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In AY1516, we participated in a major collaborative procurement exercise to select a new provider for our gas and electricity supplies, a key expenditure line in every school budget. This exercise comprised 35 academy trusts working together and using the services of an education procurement specialist (Minerva). The costs of the procurement specialist and the subsequent legal costs associated with checking contracts were met by the group (ie Faringdon Academy of Schools paid 1/35<sup>th</sup>). As a group of 8 schools, we were able to make considerable savings on both our gas and electricity costs and we have been able to fix these costs for 4-years. The cost of energy has since risen significantly so the savings are even more impressive.

- **Improved Structures** – In AY1415 we completed a support staff review which looked specifically at finance, administration, HR, IT and facilities management. The Aim of the review programme was to secure an organisational structure that not only meets current needs but will be responsive to any future expansion of the Academy and operational or compliance changes which may occur over the next 3 to 5 years. The administrative support staff review concluded in the Summer term 2015 and the recommendations were introduced on a phased approach during AY1516. The review ensured that our support staff are on a consistent grade structure across the whole of the trust. Efficiencies have been realised in these areas as well as real benefits achieved from taking a more central approach in these areas. During AY1516, the review was extended to include all education support staff, once again to ensure that we have a consistent approach to grades and roles across all academy schools.

### **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 on-going 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 Faringdon Academy of Schools for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

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

## **The Risk and Control Framework**

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

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

The board of trustees has considered the need for specific internal audit function and has decided to maintain the requirement for an audit committee. The composition and function of the audit committee is highlighted on page 25 of this report. The academy provides funding for a Peer Reviewer for 6 full days each year. The work of the Peer Reviewer is determined by the priorities of the audit committee to ensure full independence.

The Peer Reviewer provides a report following each targeted visit which is subsequently copied to the audit committee, the Academy Resources Committee and the Academy Business & Finance Director. The report highlights observations together with recommendations and requires a response from the Academy Business & Finance Director. At the end of each year, the Peer Review reports are made available to the External Auditors and an annual report is provided to the Board of Trustees. The Chairperson of the Audit Committee attends the Board meeting in person to present his annual report and to agree the forward programme of inspection. The annual audit report for AY1516 was presented to the Board on 24<sup>th</sup> November 2016. The key recommendations from the report were:

- Steps should be taken when issuing cash for school trips to protect the reputation of both individual staff members and FAS. We would recommend a process for recording and monitoring cash spend is implemented for all trips, but in particular the Uganda trip where large cash sums are involved.
- The leadership review should be concluded in a timely manner. While it is understood that the review will address the structure of the senior leadership team we recommend that it should also address the difficulties already experienced in recruiting senior leaders, given the current recruitment market.
- A documented roll-out of the whistle blowing policy. Evidence should be obtained that all academy staff have read and understood the policy.

A programme of work has been developed for the next year to include reviews of the state of readiness for expansion, benchmarking opportunities, the strategic plan and the effectiveness of the support staff centralisation.

The Board of Trustees agreed to adopt these recommendations.

### **Review of Effectiveness**

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

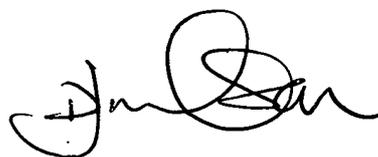
- the work of the internal audit committee and the reports from the Peer Reviewer;
- the work of the external auditor;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.
- oversight by the Academy Resources committee.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the internal audit committee and a plan to address issues that have been highlighted and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 8<sup>th</sup> December 2016 and signed on its behalf by:



**Bob Wintringham**  
Chairman of the Board of Trustees



**David Wilson**  
Accounting Officer

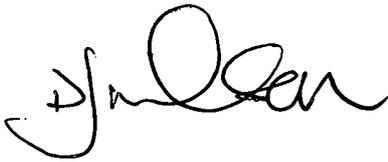
**Faringdon Academy of Schools**  
**Statement on Regularity, Propriety and Compliance**

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As accounting officer of Faringdon Academy of Schools, 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.



**David Wilson**  
Accounting Officer

8<sup>th</sup> December 2016

## **Faringdon Academy of Schools**

### **Statement of Trustees' Responsibilities**

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The trustees (who act as governors of Faringdon Academy of Schools and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 8<sup>th</sup> December 2016 and signed on its behalf by:



**Bob Wintringham**  
Chairman of the Board of Trustees

## **Faringdon Academy of Schools**

### **Independent Auditor's Report to the members of Faringdon Academy of Schools**

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We have audited the financial statements of Faringdon Academy of Schools for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and 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 EFA.

This report is made solely to the 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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditor**

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

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

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

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

#### **Opinion on financial statements**

In our opinion the financial statements:

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

## Faringdon Academy of Schools

### Independent Auditor's Report to the members of Faringdon Academy of Schools (continued)

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#### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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



Andrew Rodzynski (Senior statutory auditor)  
For and on behalf of Critchleys LLP  
Statutory Auditor  
Oxford

Date: 9<sup>th</sup> December 2016.

## **Faringdon Academy of Schools**

### **Independent Reporting Accountant's Assurance Report on Regularity to Faringdon Academy of Schools and the Education Funding Agency**

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In accordance with the terms of our engagement letter dated 1 November 2013 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 Faringdon Academy of Schools during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Board of Trustees and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Faringdon Academy of Schools 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 Faringdon Academy of Schools and the EFA, for our review work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Faringdon Academy of Schools' accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Faringdon Academy of Schools' funding agreement with the Secretary of State for Education dated 1 September 2014 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 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 trust's income and expenditure.

## Faringdon Academy of Schools

### Independent Reporting Accountant's Assurance Report on Regularity to Faringdon Academy of Schools and the Education Funding Agency (continued)

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The work undertaken to draw to our conclusion includes:

1. Reviewing of minutes of meetings of the Board of Trustees and obtaining representations concerning access to information, disclosure and provision of information
2. Evaluation of the general control environment of the academy trust, extending the procedures required for financial statements to include regularity
3. Assessment and testing of a sample of the specific control activities over regularity of a particular activity.
4. Carrying out substantive testing to cover authorisation of expenditure within internal delegated authorities and externally imposed limits.
5. Consideration of whether activities carried out are within the charitable objects.

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



Critchleys LLP  
Reporting Accountant  
Oxford

Date: 9<sup>th</sup> December 2016.

**Faringdon Academy of Schools**  
**Statement of Financial Activities**  
**For the period ended 31 August 2016**  
**(including Income and Expenditure Account)**

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
<b>Income and endowments from:</b>						
Donations and capital grants	2	-	20,261	4,180,361	4,200,622	152,792
Charitable activities						
Funding for the academy trust's educational operations	3	-	12,000,086	-	12,000,086	11,400,178
Other income for educational operations	4	1,058,184	-	-	1,058,184	1,026,826
Other trading activities	5	67,055	-	-	67,055	42,384
Investments	6	2,736	-	-	2,736	2,593
<b>Total incoming resources</b>		<b>1,127,975</b>	<b>12,020,347</b>	<b>4,180,361</b>	<b>17,328,683</b>	<b>12,624,773</b>
<b>Expenditure on:</b>						
Charitable activities:						
Academy trust educational operations	8	1,108,398	11,946,931	1,188,687	14,244,016	13,805,933
<b>Total</b>		<b>1,108,398</b>	<b>11,946,931</b>	<b>1,188,687</b>	<b>14,244,016</b>	<b>13,805,933</b>
<b>Net income / (expenditure) before transfers</b>		<b>19,577</b>	<b>73,416</b>	<b>2,991,674</b>	<b>3,084,667</b>	<b>(1,181,160)</b>
<b>Transfers between funds</b>	17	-	(66,076)	66,076	-	-
<b>Net income / (expenditure) for the period</b>		<b>19,577</b>	<b>7,340</b>	<b>3,057,750</b>	<b>3,084,667</b>	<b>(1,181,160)</b>
<b>Other recognised gains / (losses):</b>						
Actuarial (losses) / gains on defined benefit pension schemes	18,27	-	(2,344,000)	-	(2,344,000)	114,000
<b>Net movement in funds</b>		<b>19,577</b>	<b>(2,336,660)</b>	<b>3,057,750</b>	<b>740,667</b>	<b>(1,067,160)</b>
<b>Reconciliation of Funds</b>						
Funds brought forward at 1 September 2015		759,050	(2,190,226)	18,025,530	16,594,354	17,661,514
<b>Funds carried forward at 31 August 2016</b>		<b>778,627</b>	<b>(4,526,886)</b>	<b>21,083,280</b>	<b>17,335,021</b>	<b>16,594,354</b>

All of the Academy's activities derive from continuing operations.

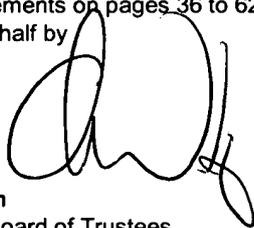
A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

**Faringdon Academy of Schools**  
**Balance sheet**  
**As at 31 August 2016**

**Company number:**  
**07977368**

	Note	2016 £	2016 £	2015 £	2015 £
<b>Fixed assets</b>					
Intangible assets	13		4,768		-
Tangible assets	14		20,939,853		17,954,287
<b>Current assets</b>					
Debtors	15	533,927		412,120	
Cash at bank and in hand		<u>2,517,324</u>		<u>2,339,645</u>	
		<b>3,051,251</b>		<b>2,751,765</b>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	16		<u>(1,441,851)</u>		<u>(1,226,698)</u>
<b>Net current assets</b>			<u>1,609,400</u>		<u>1,525,067</u>
<b>Net assets excluding pension liability</b>			22,554,021		19,479,354
Defined benefit pension scheme liability	27		<u>(5,219,000)</u>		<u>(2,885,000)</u>
<b>Total net assets</b>			<u>17,335,021</u>		<u>16,594,354</u>
<b>Funds of the academy trust:</b>					
Restricted fixed asset funds	17		21,083,280		18,025,530
Restricted general funds					
Restricted funds excluding pension liability	17	692,114		694,774	
Pension reserve	17	<u>(5,219,000)</u>		<u>(2,885,000)</u>	
			(4,526,886)		(2,190,226)
<b>Total restricted funds</b>			<u>16,556,394</u>		<u>15,835,304</u>
Unrestricted funds	17		778,627		759,050
<b>Total funds</b>			<u>17,335,021</u>		<u>16,594,354</u>

The financial statements on pages 36 to 62 were approved by the trustees and authorised for issue on 8th December 2016 and are signed on their behalf by



**Bob Wintringham**  
Chairman of the Board of Trustees

**Faringdon Academy of Schools**  
**Statement of Cash Flows**  
**For the period ended 31 August 2016**

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	21	181,706	159,077
<b>Cash flows from investing activities</b>			
	23	(4,027)	(36,889)
<b>Cash flows from financing activities</b>			
	22	-	-
<b>Change in cash and cash equivalents in the reporting period</b>		<u>177,679</u>	<u>122,188</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
<b>Cash and cash equivalents at 1 September 2015</b>		2,339,645	2,217,457
<b>Cash and cash equivalents at 31 August 2016</b>	24	<u><u>2,517,324</u></u>	<u><u>2,339,645</u></u>

All of the cash flows are derived from continuing operations.

## **1 Statement of 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.

### **Basis of Preparation**

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 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.

Faringdon Academy of Schools meets the definition of a public benefit entity under FRS 102.

### **First time adoption of FRS 102**

These financial statements are the first financial statements of Faringdon Academy of Schools 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 Faringdon Academy of Schools for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

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

### **Going Concern**

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

## **1 Statement of Accounting Policies (continued)**

### **Income**

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

#### **Grants**

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

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

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

#### **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

#### **Other Income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

#### **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

## **1 Statement of Accounting Policies (continued)**

### **Expenditure**

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

### **Expenditure on Raising Funds**

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

### **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

### **Intangible Fixed Assets**

Intangible assets costing £5,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Purchased computer software	10 years
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## **1 Statement of Accounting Policies (continued)**

### **Tangible Fixed Assets**

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

The property transferred on conversion has been valued on a depreciated replacement cost basis which is not representative of market value (see note 14 for further details).

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold buildings	10-45 years from conversion
Leasehold improvements	10-30 years
Fixtures, fittings and equipment	5 years
ICT equipment	3 years
Motor Vehicles	5 years

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

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

### **Liabilities**

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

### **Provisions**

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

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

## **1 Statement of Accounting Policies (continued)**

### **Leased Assets**

Rentals under operating leases are charged on a straight line basis over the lease term.

### **Stock**

Any significant catering stocks are valued at the lower of cost or net realisable value.

### **Taxation**

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

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

### **Pensions Benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 27, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

## **1 Statement of Accounting Policies (continued)**

### **Fund Accounting**

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

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

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

### **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 estimate 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 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### *Critical areas of judgement*

The academy trust participates in the Teacher's Pension Scheme (TPS) for qualifying employees. Under the definitions set out in FRS 102, this is a multi-employer pension scheme. There is insufficient information about the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets in the financial statements and therefore the plan is accounted for as a defined contribution scheme (see note 30).

### **Agency Arrangements**

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 29.

**Faringdon Academy of Schools**  
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**2 Donations and capital grants**

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
<b>DfE/EFA capital grants</b>				
Devolved formula capital grant	-	67,677	67,677	65,755
Condition improvement fund		570,490	570,490	-
<b>Other Government grants</b>				
Local Authority capital funding	-	3,489,000	3,489,000	5,000
	<u>-</u>	<u>4,127,167</u>	<u>4,127,167</u>	<u>70,755</u>
Donated fixed assets	-	-	-	5,000
Other donations	-	73,455	73,455	77,037
	<u>-</u>	<u>4,200,622</u>	<u>4,200,622</u>	<u>152,792</u>

The income from donations and capital grants was £4,200,622 (2015: £152,792) of which £Nil was unrestricted (2015: £Nil), £20,261 restricted (2015: £65,037) and £4,180,361 restricted fixed assets (2015: £87,755).

Local Authority capital funds comprises gifts in kind relating to the construction of classrooms at Faringdon Junior School and Watchfield Primary School.

**3 Funding for Academy's educational operations**

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG)	-	10,707,617	10,707,617	10,167,973
Pupil premium	-	559,044	559,044	546,343
Other EFA grants	-	358,975	358,975	358,527
Other DfE grants	-	-	-	18,000
	<u>-</u>	<u>11,625,636</u>	<u>11,625,636</u>	<u>11,090,843</u>
<b>Other Government grants</b>				
Early Years funding	-	172,836	172,836	173,190
Local authority revenue funding	-	184,101	184,101	143,905
Other grants	-	17,513	17,513	(7,760)
	<u>-</u>	<u>374,450</u>	<u>374,450</u>	<u>309,335</u>
	<u>-</u>	<u>12,000,086</u>	<u>12,000,086</u>	<u>11,400,178</u>

The funding for the academy's educational operations was £12,000,086 (2015: £11,400,178) of which £Nil was unrestricted (2015: £Nil), £12,000,086 restricted (2015: £11,400,178) and £Nil restricted fixed assets (2015: £Nil).

**Faringdon Academy of Schools**  
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**4 Other income for educational operations**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
Trip and activity income	502,088	-	502,088	479,749
Catering income	331,631	-	331,631	252,027
Other income	224,465	-	224,465	295,050
	<u>1,058,184</u>	<u>-</u>	<u>1,058,184</u>	<u>1,026,826</u>

The other income for educational operations was £1,058,184 (2015: £1,026,826) of which £1,058,184 was unrestricted (2015: £926,008), £Nil restricted (2015: £100,818) and £Nil restricted fixed assets (2015: £Nil).

**5 Other trading activities**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
Hire of facilities	38,479	-	38,479	31,024
Other income	28,576	-	28,576	11,360
	<u>67,055</u>	<u>-</u>	<u>67,055</u>	<u>42,384</u>

The other trading activities income was £67,055 (2015: £42,384) of which £67,055 was unrestricted (2015: £31,024), £Nil restricted (2015: £11,360) and £Nil restricted fixed assets (2015: £Nil).

**6 Investment Income**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
Short term deposits	2,736	-	2,736	2,593
	<u>2,736</u>	<u>-</u>	<u>2,736</u>	<u>2,593</u>

The investment income was £2,736 (2015: £2,593) of which £2,736 was unrestricted (2015: £2,593), £Nil restricted (2015: £Nil) and £Nil restricted fixed assets (2015: £Nil).

**Faringdon Academy of Schools**  
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**7 Expenditure**

	<b>Staff Costs £</b>	<b>Non Pay Premises Costs £</b>	<b>Expenditure Other Costs £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
<b>Academy's educational operations</b>					
Direct costs (note 8)	8,651,812	-	1,329,861	9,981,673	9,429,661
Allocated support costs (note 8)	1,437,787	658,567	2,165,989	4,262,343	4,376,272
	<u>10,089,599</u>	<u>658,567</u>	<u>3,495,850</u>	<u>14,244,016</u>	<u>13,805,933</u>
	<u>10,089,599</u>	<u>658,567</u>	<u>3,495,850</u>	<u>14,244,016</u>	<u>13,805,933</u>

The expenditure on academy's educational operations was £14,244,016 (2015: £13,805,933) of which £1,108,398 was unrestricted (2015: £875,795), £11,946,931 restricted (2015: £11,769,487) and £1,188,687 restricted fixed assets (2015: £1,160,651).

**Net income/(expenditure) for the period includes:**

	<b>2016 £</b>	<b>2015 £</b>
Operating lease rentals	30,679	30,434
Depreciation	1,188,301	1,160,651
Amortisation of intangible fixed assets	386	-
Fees payable to auditor for:		
Audit	16,275	15,630
Other services	16,375	12,410
	<u>16,375</u>	<u>12,410</u>

**8 Charitable activities**

	<b>Total 2016 £</b>	<b>Total 2015 £</b>
Direct costs - educational operations	9,981,673	9,429,661
Support costs - educational operations	4,262,343	4,376,272
	<u>14,244,016</u>	<u>13,805,933</u>

**Analysis of support costs**

	<b>Educational operations £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
Support staff costs	1,447,787	1,447,787	1,278,148
Depreciation	1,188,687	1,188,687	1,160,651
Technology costs	149,050	149,050	146,365
Premises costs	658,567	658,567	736,346
Other support costs	794,914	794,914	714,299
Governance costs	33,338	33,338	37,463
Other pension costs	186,000	186,000	183,000
Other finance costs (FRS102 pension)	(196,000)	(196,000)	120,000
<b>Total support costs</b>	<u>4,262,343</u>	<u>4,262,343</u>	<u>4,376,272</u>

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**9 Staff Costs**

	2016	2015
	£	£
<b>Staff costs during the period were:</b>		
Wages and salaries	8,127,083	7,551,226
Social security costs	592,071	507,737
Operating costs of defined benefit pension schemes		
Employer contributions to pension schemes	1,261,386	1,108,721
FRS102 Other pension and finance costs	<u>(10,000)</u>	<u>303,000</u>
	9,970,540	9,470,684
Supply staff costs	97,626	100,563
Staff restructuring costs	<u>21,433</u>	<u>31,945</u>
	<u><u>10,089,599</u></u>	<u><u>9,603,192</u></u>
Staff restructuring costs comprise:		
Redundancy payments	17,233	28,778
Severance payments	4,200	3,167
Other restructuring costs	-	-
	<u>21,433</u>	<u>31,945</u>

Included in staff restructuring costs is one non-statutory/non-contractual severance payments totalling £4,200 (2015: one payment of £3,167).

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

	2016	2015
	No.	No.
Teachers	171	170
Administration and support	258	252
Management	<u>22</u>	<u>22</u>
	<u><u>451</u></u>	<u><u>444</u></u>

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

	2016	2015
	No.	No.
£60,001 - £70,000	1	2
£70,001 - £80,000	3	1
£90,001 - £100,000	-	1
£100,001 - £110,000	<u>1</u>	<u>-</u>

The key management personnel of the academy trust comprise the trustees and the Academy Business and Finance Director as listed on pages 1 and 2. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £329,503 (2015: £395,424).

## 10 Central services

The academy trust has provided the following central services to its academies during the period:

Finance and administrative staff  
Professional services  
Educational support and supplies  
Insurance  
ICT supplies  
Premises supplies and services

During this operating period, the trust made charges for centrally provided services equal to total budgeted central costs, apportioned on a pro rata basis using respective pupil numbers and the appropriate Age Weighted Pupil Unit funding to calculate each schools contribution. The charges were approved by the Academy Resources Committee and the Board of Directors.

The actual amounts charged during the period were as follows:

	2016	2015
	£	£
Faringdon Community College	382,428	308,145
Faringdon Junior School	85,364	65,560
Faringdon Infant School	82,682	63,816
Buckland CofE Primary School	39,638	37,343
John Blandy VC Primary School	54,010	54,358
Longcot and Fernham CofE Primary School	45,827	43,145
Shrivenham CofE Controlled School	60,605	45,427
Watchfield Primary School	98,789	87,534
	<u>849,343</u>	<u>705,328</u>

## 11 Related Party Transactions - Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Executive Head Teacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Executive Head Teacher and staff members under their contracts of employment.

	2016	2015
	£	£
D Wilson, FCC Headteacher, FAS Executive Headteacher and Trustee		
Remuneration	£100k-£105k	£95k-£100k
Employer's pension contributions paid	£15k-£20k	£10k-£15k
P Turner, FJS Headteacher and Trustee		
Remuneration	£15k-£20k	£55k-£60k
Employer's pension contributions paid	£0k-£5k	£5-£10k
R Kenyon, Staff Governor and Trustee		
Remuneration	£45k-£50k	£45k-£50k
Employer's pension contributions paid	£5k-£10k	£5k-£10k
L Warren, BPS Headteacher and trustee		
Remuneration	£35k-£40k	-
Employer's pension contributions paid	£5k-£10k	-

During the period ended 31 August 2016, no expenses were reimbursed to trustees for travel and subsistence expenditure incurred in their roles as trustees (2015: £Nil).

**12 Trustees and officers insurance**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5m (2015: £5m) on any one claim and the cost for the period ended 31 August 2016 was £2,867 (2015: £611).

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

**13 Intangible fixed assets**

	Computer Software £	Total £
<b>Cost</b>		
Additions	5,154	5,154
As at 31 August 2016	<u>5,154</u>	<u>5,154</u>
<b>Amortisation</b>		
Charged in period	386	386
As at 31 August 2016	<u>386</u>	<u>386</u>
<b>Carrying amount</b>		
As at 31 August 2016	<u>4,768</u>	<u>4,768</u>
As at 1 September 2015	<u>-</u>	<u>-</u>

**Faringdon Academy of Schools**  
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**14 Tangible fixed assets**

	Leasehold buildings £	Furniture and equipment £	Computer equipment £	Total £
<b>Cost</b>				
As at 1 September 2015	21,179,512	152,478	307,136	<b>21,639,126</b>
Additions	4,068,120	30,042	75,705	<b>4,173,867</b>
As at 31 August 2016	<u>25,247,632</u>	<u>182,520</u>	<u>382,841</u>	<u><b>25,812,993</b></u>
<b>Depreciation</b>				
As at 1 September 2015	3,368,331	71,610	244,898	<b>3,684,839</b>
Charges in period	1,119,744	22,408	46,149	<b>1,188,301</b>
As at 31 August 2016	<u>4,488,075</u>	<u>94,018</u>	<u>291,047</u>	<u><b>4,873,140</b></u>
<b>Net book values</b>				
As at 31 August 2016	<u><b>20,759,557</b></u>	<u><b>88,502</b></u>	<u><b>91,794</b></u>	<u><b>20,939,853</b></u>
As at 1 September 2015	<u>17,811,181</u>	<u>80,868</u>	<u>62,238</u>	<u>17,954,287</u>

**Leasehold arrangements**

The leasehold buildings column includes long leasehold interests for school sites (except Church of England primary schools), together with Supplemental Agreements with Church land trustees for the use of land and buildings at the Church of England primary schools. Under the Supplemental Agreements, the Academy Trust has permission to use the land and buildings for an indefinite period, subject to a 2 year termination notice period. A desktop depreciated replacement cost value of the buildings (based on valuations arranged by the EFA) is recognised on the balance sheet on the basis that the Academy Trust has the economic benefit arising from their use.

Due to restrictions in the leases on the use of the leasehold land, the Trustees consider that the land has no value and as such it is included in the financial statements at nil value:

The Academy Trust's transactions relating to land and buildings included:

- Gifts in kind of classrooms at Faringdon Junior School and Watchfield Primary School;
- Construction of classroom block at Faringdon Infant School;
- Window replacement at Faringdon Community College; and
- Fire safety and compartmentation works at John Blandy VC Primary School.

**15 Debtors**

	2016 £	2015 £
Trade debtors	19,995	13,979
VAT recoverable	226,729	64,312
Prepayments and accrued income	287,105	332,618
Other debtors	98	1,211
	<u>533,927</u>	<u>412,120</u>

**Faringdon Academy of Schools**  
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**16 Creditors: amounts falling due within one year**

	2016	2015
	£	£
Trade creditors	574,741	387,200
Other taxation and social security	170,704	143,714
Other creditors	149,948	141,527
EFA creditor: SEN LACSEG adjustment	-	63,685
Accruals and deferred income	546,458	490,572
	<u>1,441,851</u>	<u>1,226,698</u>

**Deferred income**

	2016	2015
	£	£
Deferred income at 1 September	368,049	440,191
Released from previous years	(368,049)	(440,191)
Resources deferred in the period	314,676	368,049
Deferred income at 31 August	<u>314,676</u>	<u>368,049</u>

Deferred income represents funding received specifically for next financial year, together with trips and activities income received in advance.

**17 Funds**

	Balance at 1 Sept 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	694,774	10,707,617	(10,644,201)	(66,076)	692,114
Pupil Premium funding	-	559,044	(559,044)	-	-
Other EFA funding	-	358,975	(358,975)	-	-
Local authority revenue funding	-	184,101	(184,101)	-	-
Early Years funding	-	172,836	(172,836)	-	-
Other restricted funds	-	37,774	(37,774)	-	-
Pension reserve (note 27)	(2,885,000)	-	10,000	(2,344,000)	(5,219,000)
	<u>(2,190,226)</u>	<u>12,020,347</u>	<u>(11,946,931)</u>	<u>(2,410,076)</u>	<u>(4,526,886)</u>
<b>Restricted fixed asset funds</b>					
Devolved Formula Capital funding	71,243	67,677	-	(135,127)	3,793
Condition improvement fund	-	570,490	-	(435,624)	134,866
Capital donations	-	53,194	-	(53,194)	-
LA capital funding	-	3,489,000	-	(3,489,000)	-
Fixed asset fund (note 14)	17,954,287	-	(1,188,687)	4,179,021	20,944,621
	<u>18,025,530</u>	<u>4,180,361</u>	<u>(1,188,687)</u>	<u>66,076</u>	<u>21,083,280</u>
<b>Total restricted funds</b>	<u>15,835,304</u>	<u>16,200,708</u>	<u>(13,135,618)</u>	<u>(2,344,000)</u>	<u>16,556,394</u>
<b>Unrestricted funds</b>					
Unrestricted funds	759,050	1,127,975	(1,108,398)	-	778,627
<b>Total unrestricted funds</b>	<u>759,050</u>	<u>1,127,975</u>	<u>(1,108,398)</u>	<u>-</u>	<u>778,627</u>
<b>Total funds</b>	<u>16,594,354</u>	<u>17,328,683</u>	<u>(14,244,016)</u>	<u>(2,344,000)</u>	<u>17,335,021</u>

**Faringdon Academy of Schools**  
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**17 Funds (continued)**

The General Annual Grant (GAG) represents funding received from the Education Funding Agency during the period in order to fund the continuing activities of the school. Under the funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2016.

Local authority revenue funding represents grant income to be used in the provision of education.

Other income represents amounts given to the academy through donations for specific purposes.

The pension reserve fund has been created to identify separately the pension deficit inherited from the Local Authority upon conversion to academy status, and through which all the pension scheme movements are recognised.

All general funds are held for the purposes of education in line with the Academy Trust's objectives.

The restricted fixed asset fund has been set up to recognise the tangible assets transferred to the Academy Trust on conversion and purchased by the Academy Trust following conversion.

**Total funds analysis by academy**

Fund balances at 31 August 2016 were allocated as follows:

	2016	2015
	£	£
Buckland CofE Primary School	155,955	104,519
Faringdon Community College	531,654	528,888
Faringdon Infant School	166,186	166,924
Faringdon Junior School	151,967	242,017
John Blandy VC Primary School	(146,577)	(66,732)
Longcot and Fernham CofE Primary School	137,246	110,184
Shrivenham CofE Controlled School	11,482	(24,251)
Watchfield Primary School	134,549	67,327
Central services	328,279	324,948
Total before fixed assets and pension reserve	<u>1,470,741</u>	<u>1,453,824</u>
Unspent capital funds	138,659	71,243
Fixed asset fund	20,944,621	17,954,287
Pension reserve	(5,219,000)	(2,885,000)
<b>Total funds</b>	<b><u>17,335,021</u></b>	<b><u>16,594,354</u></b>

John Blandy Primary School has a net deficit of £146,577 which represents an increase of £79,844 from 31 August 2015. The deficit is closely monitored by the school and the Academy Resources Committee. The increase through 2016 was caused exclusively by a number of staffing matters including long-term sickness of 2 teachers (not covered by insurance), a settlement agreement, a redundancy payment (see Note 9) and additional education support staff hours due to a high SEN requirement. The deficit was authorised by the Academy Resources Committee and the central finance team has worked closely with the school to produce a surplus budget for AY1617. Performance against the new budget is being closely monitored and a working group has been established to consider the long term implications.

## 17 Funds (continued)

### Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs (excluding FRS102 pension costs) £	Educational supplies (including all non staff direct costs) £	Other costs (excluding depreciation) £	Total £
Faringdon Community College	3,946,397	477,476	872,327	485,512	5,781,712
Faringdon Junior School	852,312	101,269	115,302	217,052	1,285,935
Faringdon Infant School	863,381	139,645	68,812	183,964	1,255,802
Buckland CofE Primary School	301,996	60,439	34,734	49,217	446,386
John Blandy VC Primary School	576,405	99,891	35,759	85,116	797,171
Longcot & Fernham CofE Primary School	346,187	41,271	32,307	97,994	517,759
Shrivenham CofE Controlled School	531,787	49,028	60,035	111,347	752,197
Watchfield Primary School	1,045,188	115,108	77,754	162,210	1,400,260
Central services	188,159	363,660	32,831	243,457	828,107
	<b>8,651,812</b>	<b>1,447,787</b>	<b>1,329,861</b>	<b>1,635,869</b>	<b>13,065,329</b>
				Depreciation and Amortisation	1,188,687
				Other finance costs and pension costs	(10,000)
				<b>Note 7</b>	<b>14,244,016</b>

## 18 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Intangible fixed assets	-	-	4,768	4,768
Tangible fixed assets	-	-	20,939,853	20,939,853
Current assets	778,627	2,013,238	259,386	3,051,251
Current liabilities	-	(1,321,124)	(120,727)	(1,441,851)
Pension Scheme liability	-	(5,219,000)	-	(5,219,000)
<b>Total net assets</b>	<b>778,627</b>	<b>(4,526,886)</b>	<b>21,083,280</b>	<b>17,335,021</b>

## 19 Capital commitments

	2016 £	2015 £
Contracted for, but not provided in the financial statements	<b>139,115</b>	-

**Faringdon Academy of Schools**  
**Notes to the financial statements**  
**For the period ended 31 August 2016**

**20 Commitments under operating leases**

**Operating leases**

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

	2016	2015
	£	£
Amounts due within one year	25,972	26,450
Amounts due between one and five years	53,896	23,194
Amounts due after five years	-	-
	<u>79,868</u>	<u>49,644</u>

**21 Reconciliation of net income/(expenditure) to net cash flow from operating activities**

	2016	2015
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	3,084,667	(1,181,160)
Adjusted for:		
Amortisation (note 13)	386	-
Depreciation (note 14)	1,188,301	1,160,651
Capital grants from DfE	(638,167)	(65,755)
Fixed asset donations	(3,489,000)	(5,000)
Other capital income	(45,091)	(17,000)
Interest receivable (note 6)	(2,736)	(2,593)
Defined benefit pension scheme cost less contributions payable (note 27)	186,000	183,000
Defined benefit pension scheme finance cost (note 27)	(196,000)	120,000
(Increase)/decrease in debtors	(121,807)	171,846
Increase/(decrease) in creditors	215,153	(204,912)
<b>Net cash provided by operating activities</b>	<u>181,706</u>	<u>159,077</u>

**22 Cash flows from financing activities**

	2016	2015
	£	£
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
<b>Net cash used in financing activities</b>	<u>-</u>	<u>-</u>

**23 Cash flows from investing activities**

	2016 £	2015 £
Dividends, interest and rents from investments	2,736	2,593
Proceeds from sale of tangible fixed assets	-	-
Purchase of intangible fixed assets	(5,154)	-
Purchase of tangible fixed assets	(684,867)	(127,237)
Capital grants from DfE/EFA	638,167	65,755
Capital funding received from sponsors and others	45,091	22,000
<b>Net cash used in investing activities</b>	<b>(4,027)</b>	<b>(36,889)</b>

**24 Analysis of cash and cash equivalents**

	At Sept 2015 £	Cash flows £	At 31 August 2016 £
Cash at bank and in hand	2,339,645	177,679	2,517,324
Notice deposits (less than 3 months)	-	-	-
	<u>2,339,645</u>	<u>177,679</u>	<u>2,517,324</u>

**25 Contingent liabilities**

There are no contingent liabilities that require disclosure.

**26 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.

## **27 Pension and similar obligations**

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

As described in note the LGPS obligation related to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year/period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

Contributions amounting to £155,131 were payable to the schemes at 31 August 2016 (2015: £134,759) and are included within creditors.

### **Teachers' Pension Scheme**

#### **Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme governed by the Teachers' Pension 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)
- 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%

## 27 Pension and similar obligations (continued)

### Teachers' Pension Scheme (continued)

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 pension costs paid to TPS in the period amounted to £896,929 (2015: £736,359).

A copy of the valuation report and supporting documentation is on the Teachers' Pension website.

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

### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £477,000, of which employer's contributions totalled £360,000 and employees' contributions totalled £117,000. The agreed contribution rates for the year to 31 March 2017 are 15.9% for employers and between 5.5% and 12.5% for employees. An additional monetary amount of £33,000 is also due for the year to 31 March 2017. The next full triennial valuation will be carried out as at 31 March 2016 with new contribution rates set from 1 April 2017.

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

	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	4.10%	4.40%
Rate of increase for pensions in payment / inflation	2.30%	2.60%
Discount rate for scheme liabilities	2.20%	4.00%
Inflation assumption (CPI)	2.30%	2.60%
Commutation of pensions to lump sums	50.00%	50.00%

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption.

27 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Sensitivity Analysis	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	8,486	8,669	8,856
Projected service cost	766	782	799
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	8,694	8,669	8,644
Projected service cost	782	782	782
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	8,830	8,669	8,512
Projected service cost	798	782	766
Adjustment to life expectancy assumptions	+1 year	None	-1 year
Present value of total obligation	8,896	8,669	8,448
Projected service cost	802	782	763

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	23.3	23.3
Females	25.8	25.7
<i>Retiring in 20 years</i>		
Males	25.6	25.5
Females	28.1	28.0

The academy trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	2,256,000	1,729,000
Gilts	436,000	321,000
Other bonds	123,000	90,000
Property	247,000	180,000
Cash	121,000	83,000
LLPs	125,000	92,000
Diversified growth fund	142,000	120,000
<b>Total market value of assets</b>	<b>3,450,000</b>	<b>2,615,000</b>
Present value of scheme liabilities		
- Funded	(8,669,000)	(5,500,000)
<b>Surplus/(deficit) in the scheme</b>	<b>(5,219,000)</b>	<b>(2,885,000)</b>

The actual return on scheme assets was £419,000 (2015: £171,000).

27 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the statement of financial activities

	2016 £	2015 £
Current service cost (net of employee contributions)	546,000	515,000
Net interest cost	108,000	108,000
Administration expenses	2,000	2,000
Total operating charge	<u>656,000</u>	<u>625,000</u>

Changes in the present value of defined benefit obligations were as follows:

	2016 £	2015 £
<b>At 1 September</b>	<b>5,500,000</b>	<b>4,920,000</b>
Current service cost	546,000	515,000
Interest cost	221,000	201,000
Employee contributions	117,000	110,000
Changes in financial assumptions	2,344,000	(114,000)
Benefits paid	(59,000)	(132,000)
<b>At 31 August</b>	<b><u>8,669,000</u></b>	<b><u>5,500,000</u></b>

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

	2016 £	2015 £
<b>At 1 September</b>	<b>2,615,000</b>	<b>2,224,000</b>
Interest on assets	113,000	93,000
Return on assets (less interest)	306,000	(10,000)
Actuarial gain/(loss)	-	-
Employer contributions	360,000	332,000
Employee contributions	117,000	110,000
Benefits paid	(59,000)	(132,000)
Administration expenses	(2,000)	(2,000)
<b>At 31 August</b>	<b><u>3,450,000</u></b>	<b><u>2,615,000</u></b>

Reconciliation of opening and closing deficit

	2016		2015	
	£	£	£	£
<b>Pension deficit at 1 September</b>		<b>(2,885,000)</b>		<b>(2,696,000)</b>
Current service cost	<b>(546,000)</b>		<b>(515,000)</b>	
Employer contributions	<b>360,000</b>		<b>332,000</b>	
Additional pension cost		<b>(186,000)</b>		<b>(183,000)</b>
Other finance costs		<b>196,000</b>		<b>(120,000)</b>
Actuarial losses		<b>(2,344,000)</b>		<b>114,000</b>
<b>Pension deficit at 31 August</b>		<b><u>(5,219,000)</u></b>		<b><u>(2,885,000)</u></b>

## **28 Related party transactions**

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account.

C Stark (spouse of D Wilson, Trustee/Director, Executive Headteacher and Accounting Officer) is employed by the Trust as a teacher, having previously been employed by the predecessor local authority maintained school. C Starks' remuneration during the year was £18,935 (2015: £17,629) and employer pension contributions amounted to £3,121 (2015: £2,486).

P Wilson (brother of D Wilson, Trustee/Director, Executive Headteacher and Accounting Officer) was employed by the trust as a supply teacher. P Wilson's remuneration during the year was £nil (2015: £1,287) and employer pension contributions amounted to £nil (2015: £182).

## **29 Agency arrangements**

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting year ending 31 August 2016 the trust received £7,005 (2015: £6,963) and disbursed £6,907 (2015: £6,042) from the fund. An amount of £5,063 (2015: £4,965) (including brought forward from prior years) is included in other creditors relating to undistributed funds that are repayable to EFA.

**30 Explanation of transition to 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 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.

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

**Reconciliation of total funds**

	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		17,661,514	16,594,354
Total funds reported under FRS 102		<u>17,661,514</u>	<u>16,594,354</u>

**Reconciliation of net income/(expenditure)**

	Notes	31 August 2015 £
Net income/(expenditure) previously reported under UK GAAP		(1,122,160)
Change in recognition of LGPS interest cost	A	<u>(59,000)</u>
Net movement in funds reported under FRS 102		<u>(1,181,160)</u>

**A - Change in recognition of LGPS interest cost**

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expenditure. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenditure. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to expense by £59,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.