

# REGISTRAR OF COMPANIES

## Crawley Free School Trust (The Gatwick School)

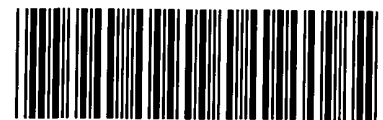
### Report and Financial Statements for the period ending

30 September 2016

Company Limited by Guarantee  
Registration Number  
08339290 (England and Wales)

THURSDAY

THI



\*A6DIKQSY\*

|                 |            |      |
|-----------------|------------|------|
| A08             | 24/08/2017 | #23  |
| COMPANIES HOUSE |            |      |
|                 |            |      |
| A14             | 27/07/2017 | #111 |
| COMPANIES HOUSE |            |      |

# **Crawley Free School Trust**

## **Report and Financial Statements for the period ending**

30 September 2016

Company Limited by Guarantee  
Registration Number  
08339290 (England and Wales)

## Contents

### Reports

|  |    |
|--|----|
| Reference and administrative information                 | 1  |
| Directors' report  | 2  |
| Governance statement                                     | 11 |
| Statement on regularity, propriety and compliance        | 14 |
| Statement of directors' responsibilities                 | 15 |
| Independent auditor's report on the financial statements | 16 |
| Independent reporting accountant's report on regularity  | 19 |

### Financial statements

|                                   |    |
|-----------------------------------|----|
| Statement of financial activities | 21 |
| Balance sheet                     | 22 |
| Statement of cash flows           | 23 |
| Principal accounting policies     | 25 |
| Notes to the financial statements | 43 |

## Reference and administrative information

|                                    |   |
|------------------------------------|---|
| <b>Members</b>                     | Ms C Delaney<br>Mr S J Rule<br>Mr G P Palmer  |
| <b>Directors</b>                   | Mr S J Rule<br>Mr T J McCarthy (Accounting Officer)<br>Mr G P Palmer (Chairman)             |
| <b>Company Secretary</b>           | Ms M Burnige  |
| <b>Senior Management Team</b>      |   |
| Chief Executive Officer            | Mr T J McCarthy   |
| Executive Headteacher              | Mr P Reilly   |
| Financial Director                 | Mr D M Baron  |
| <b>Registered address</b>          | Glenleigh Park Primary Academy<br>Gunters Lane<br>Bexhill-on-Sea<br>East Sussex<br>TN39 4ED |
| <b>School address</b>              | 23 Gatwick Road<br>Manor Royal<br>Crawley<br>West Sussex<br>RH10 9TP                        |
| <b>Company registration number</b> | 08339290 (England and Wales)  |
| <b>Auditor</b>                     | Buzzacott LLP<br>130 Wood Street<br>London<br>EC2V 6DL                                      |
| <b>Bankers</b>                     | Lloyds Bank plc<br>25 Gresham Street<br>London<br>EC2V 7HN                                  |
| <b>Solicitors</b>                  | Veale Wasbrough Vizards LLP<br>Orchard Court<br>Orchard Lane<br>Bristol<br>BS1 5WS          |

## **Directors' report for the period to 30 September 2016**

The directors of Crawley Free School Trust ('the Company') present their annual report together with the financial statements and the auditor's reports of the charitable company for the period to 30 September 2016. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 25 to 30 of the attached financial statements and comply with the Company's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

The Company is incorporated as a company limited by guarantee and is an exempt charity under the Charities Act 2011. The Company's governing document is its articles of association. The Company was jointly established by Mosaica Education Inc. and Place Group and it was incorporated on 21 December 2012. It currently operates one school, The Gatwick School (TGS), which opened in September 2014. The Company currently has a board of five directors. One of the directors was appointed by the two founder groups, Mosaica Education Inc. and Place Group. The other four are independent directors appointed by the board of directors.

The directors have formed a committee to oversee the Crawley Free School Trust, (also known as The Gatwick School) to be known as the Local Academy Board, which was formed in December 2014. The Local Academy Board includes staff and parent representatives and the chair of the Local Academy Board is a director of the Company.

The directors have delegated day-to-day responsibility for the management of the Company to the Chief Executive Officer, the Executive Headteacher and the Head of School.

The members of the company are Geoff Palmer (as chair of the board of directors), Simon Rule and Claire Delaney.

#### **Members' liability**

Every member of the Company undertakes to contribute such amount as may be required (not exceeding £10) to the Company's assets if it should be wound up whilst he or she is a member or within one year after he or she ceases to be a member, for payment of the Company's debts and liabilities before he or she ceases to be a member, and of the costs charges and expenses of winding up and for the adjustments of the rights of the contributories themselves.

## STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

### Directors' indemnities

Subject to the provisions of the Companies Act 2006, every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability or negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

### Principal activities

The Company operates one academy (a free school) called The Gatwick School (TGS) in Crawley, West Sussex. The school opened to pupils on 8th September 2014. The directors are trustees of the Company for the purposes of the Charities Act.

### Organisational structure

The directors are trustees of the charitable company for the purposes of the Companies Act 2006. The following directors were in office at 30 September 2016 and served throughout the period except where shown.

| Directors       | Appointed  | Appointing body |
|-----------------|--|-----------------|
| Mr S J Rule     | Appointed 21 December 2012                           | Members         |
| Mr T J McCarthy | Appointed 1 January 2014                             | Directors       |
| Mr G P Palmer   | Appointed 1 October 2013                             | Directors       |
| Mr R Nathan     | Appointed 1 October 2013;<br>resigned 16 March 2017  | Directors       |
| Mr D P Jobson   | Appointed 15 July 2015;<br>resigned 12 December 2016 | Directors       |

### Method of recruitment and appointment or election of directors

The members of the Company are entitled to appoint up to ten directors. The directors have appointed Geoff Palmer, Russell Nathan, Paul Jobson and Tim McCarthy to the board of directors. Both Messrs Palmer and Russell have relevant financial, business and IT experience, Mr Jobson is the Chair of the Local Academy Board and Mr McCarthy is a former headteacher and is the CEO of both the Company and Aurora Academies Trust.

### Policies and procedures adopted for the induction and training of directors

Throughout the period directors have continued to take part in the professional development programme run by Aurora Academies Trust (AAT). This programme, known as Global Leadership Institute (GLI), has had leadership, governance, safeguarding responsibilities and analysing data as its foci. There is a planned regular GLI training schedule for 2016-17.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

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

The Company does not directly employ its key management personnel. Instead it has approved the purchase of leadership and management services of the Chief Executive Officer, the Executive Headteacher and the Financial Director from Aurora Academies Trust (AAT). The Chief Executive Officer's targets are set annually by a panel of three of AAT's directors and they are responsible for an annual performance review and any pay awards resulting from that review. The Chief Executive Officer sets the targets and reviews the performance of the Executive Headteacher and the Financial Director. The Chief Executive Officer then recommends any pay awards to AAT's Finance and Audit Committee who then approve or reject any such recommendations.

### **Connected organisations, including related party relationships**

Mosaica Education Inc. was awarded the contract to provide curriculum services including Paragon to the Company in 2014. The procurement of the contract was carried out in accordance with the Academies Financial Handbook. The Paragon curriculum used at TGS is now owned by Pansophic Learning Ltd and the contract for curriculum services has been assigned to Pansophic Learning Ltd. No directors of the Company are connected to Pansophic Learning Ltd, however the directors are aware of the potential for conflicts of interest and manage them in accordance with the Companies Act, the Company's articles of association and the Academies Financial Handbook. All services provided by Pansophic Learning Ltd. to the Company are on an "at cost" basis in accordance with the Academies Financial Handbook.

Tim McCarthy is a director and Chief Executive Officer (CEO) of the Company and also a director and Chief Executive Officer of Aurora Academies Trust. Aurora Academies Trust provided leadership and financial services to the Company during the period via the part time secondment of senior staff including the Chief Executive Officer, Executive Headteacher and Financial Director. A total charge of £13,040 (2016:£68,124) in that respect was incurred during the period. Aurora Academies Trust also made a charge of £1,750 (2016:£16,123) for the Paragon curriculum which it purchased from Pansophic Learning Ltd on behalf of the Company.

Simon Rule is a director and member of the Company and also a director of Place Group. Place Group, through its Schools Buying Club, provides procurement assistance to the Company. The Company paid no fees to Place Group during the period.

### **Transfer to Aurora Academies Trust – 1 October 2016**

Following a consultation exercise undertaken during the previous accounting period, the board of directors of the Company resolved to transfer the operation of TGS to Aurora Academies Trust (AAT). There were many positive benefits of so doing, notably that AAT has provided to it the services of its Chief Executive Officer, Executive Headteacher, and Financial Director. Martha Burnige is employed by Pansophic Learning UK Limited and acts as Company Secretary to both the Company and Aurora Academies Trust. TGS has also

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **Transfer to Aurora Academies Trust – 1 October 2016** (continued)

benefited from the full involvement in AAT's GLI professional development programmes for both staff and governors/directors of the Company. In short, the Company's only school (TGS) was always an 'unofficial' member of the AAT group of schools and therefore it made overwhelming educational, logistical and economic sense for the transfer to take place. The consultation process evidenced that TGS and its wider community were in favour of the merger. Written approval for the merger was given by the Regional Schools Commissioner for the South East & South London Region on 4 April 2016. The process of legal transfer of assets and the TUPE process began thereafter and the transfer took place on 1 October 2016.

## **OBJECTIVES AND ACTIVITIES**

### **Objects and aims**

The Company's charitable object as set out in its articles of association is to advance for the public benefit, education in the United Kingdom in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

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

The Company was established to provide:

**Improved teaching and learning** – the Company's focus is on achieving the highest standards at TGS at a rapid pace, and ensuring the highest quality of teaching and learning through the introduction of a comprehensive staff training programme.

**More opportunities** – to make sure every pupil achieves the very best that they can, the Company's focus is on working with the senior leaders and teachers in TGS to raise achievement through curriculum innovation, online assessment programmes, high levels of attendance and individualised paths for personal growth and development.

**More choice** – TGS works closely with Pansophic Learning schools internationally and AAT schools in the UK, sharing resources and experiences. The Company works with partners both locally and internationally, meaning that pupils enjoy a wider range of learning and recreational experiences.

The Company aims to:

**Improve standards** – by aiming for 1.5 years' progress every year for each child in TGS.

**Raise aspirations** – through the introduction of a philosophy and ethos aimed at bringing educational improvements to TGS, its pupils and community. All pupils have individualised paths for personal growth and development, with a focus on pupil self-awareness and self-esteem.



## **OBJECTIVES AND ACTIVITIES** (continued)

### **Objectives, strategies and activities** (continued)

**Train staff** – the professional development of all staff is given a high priority and each has an individual professional development plan (IPDP) which maps out their targets and the professional development and support needed for them to achieve their targets. Teachers are entitled to 90 hours of professional development training each year. In addition, the Aurora Global Leadership Institute (GLI) leadership training provides six days of high quality professional development for senior and middle leaders in TGS. This training has been evaluated by all participants and is currently rated as Good with Outstanding features.

**Increase parent engagement and involvement** – through regular community events where parents and other members of the local community are invited to see what the children have been learning, meet with staff and become more engaged in their child's education. In particular, there are six occasions during the year in which parents are invited into school to celebrate what their child has been learning in Paragon lessons.

### **Public Benefit**

In setting the Company's objectives and planning its activities, the directors have given careful consideration to the Charity Commission's general guidance on public benefit.

## **STRATEGIC REPORT**

### **Achievements and performance**

#### ***Enrolment***

Having opened in September 2014 with just 26 children in Reception Year and 18 children in Year 7 (a total of just 44 pupils), there has since been a rapid rise in the numbers of pupils on roll at the school. In September 2015, TGS admitted 51 children into its new Reception year and 71 children into Year 7. Numbers of pupils in both Year 1 and Year 8 also increased in-year, such that by the end of the summer term 2016 there were 200 pupils on roll at the school. In September 2016, TGS admitted 56 children into Reception and 40 into year 7, with a total on roll of 311. Staffing levels also rose to accommodate the increased numbers on roll.

#### ***Key performance indicators***

The directors have set the following key performance indicators for the Company for 2016-17:

There are 3 Strategic Goals.

**1. Academic success** – To ensure that TGS becomes one of the best performing schools in the South East.

**2. Teachers' school of choice** – To ensure that TGS is seen by the best teachers to be the number one school in which to be employed.

**3. Sustainability** – To ensure that the Company constantly achieves best value and to grow leaders from within.

## **STRATEGIC REPORT** (continued)

### **Achievements and performance** (continued)

#### ***Marketing strategy and open events***

The Company has devised and put into effect a very interactive and wide-ranging marketing strategy. TGS's website has been well developed to promote the school's 'brand' and this has helped boost enrolment and recruitment. TGS also has its own special media page on Facebook which has proven to be a rich source of two-way communication between school staff and parents/community. There are also regular e-newsletters sent to prospective parents and the local community.

#### ***Academic success and other achievements***

Pupil progress continued to improve throughout the period. Year 9 pupils began their GCSE courses.

88% of pupils at the end of Reception year in July 2016 had achieved the national benchmark known as a Good Level of Development (GLD). This GLD figure is significantly above the 2015 national average of 69%. In addition, 66% of pupils in Year 1 achieved the pass threshold for the Phonics test, which was below the 2015 national average of 72%. The school has targeted improvements to phonics teaching and targets are well above the national average for 2017.

Progress of children in Years 7, 8 and 9 was at least good, especially in science and maths. The 'flight path' for Year 9, which will be the first year group to sit GCSE examinations in 2019, shows that 85% should achieve 5+ A\*-C grades including English and Maths. TGS has also set ambitious targets of 5.5 to 6.0 for *Attainment 8* and 0.75 for *Progress 8* for this cohort of children. All of these targets, if achieved, would place TGS well above national averages for secondary schools.

Attendance at the school in the period was 96.1% which is above the national average of 95%.

During the previous year there were two visits by an adviser from the DFE which evidenced the successes and progress outlined in this report. AAT also carried out a review of 13 aspects of the school in May 2015. This review highlighted many successful features at the school as well as areas to develop and strengthen. TGS is due its first Ofsted inspection in the academic year 2016-17.

#### ***Accommodation***

During the accounting period the TGS's accommodation has continued to be upgraded and there have been additional classrooms created to house the growing numbers of pupils and staff. Over the summer holidays in 2016 there were further building developments and a number of specialist teaching areas, including two science labs, a music room, a drama/assembly space and a fully-equipped food technology room were made available to the Company during the period.

## **STRATEGIC REPORT (continued)**

### **Going concern**

As indicated earlier, the Company had resolved to merge with AAT which took place on 1 October 2016. The Company will then become dormant and will no longer be a going concern. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

### **Financial review**

#### ***Financial report for the period***

Net income for the period was £495,000 (2016 - £1,707,000). This is excluding a negative movement on the defined benefit pension scheme of £nil (2016 - £29,000).

The results for the year are shown on page 21.

Funding was provided by the EFA in the form of a start-up grant and capital grants. The capital grant is only claimable to the extent that it has been used for the purchase of fixed assets. The majority of fixed asset purchases were made during the period. The whole of the capital grant is carried forward as a balance on the restricted fixed asset fund. This will reduce over future years as the assets are depreciated.

### **Reserves policy**

The policy of the directors is to maintain a level of reserves that will be adequate to provide a stable base for the continuing operation of the Company whilst ensuring that excessive funds are not accumulated. The directors are satisfied that the Company's reserves are sufficient for its current purposes.

The reserves as at 30 September 2016 amounted to £8,248,000 which comprised primarily of restricted fixed asset reserves. The free reserves amounted to £4,000 (2016 - £nil).

### **Investment policy and powers**

The monies received by the Company are largely public funds provided for the education of children and young people. Consequently, the directors take a conservative view on the investment of any surpluses. This takes the form of keeping such funds on deposit in interest bearing accounts. The object of this policy is to protect the funds that the Company holds whilst taking opportunities to maximise them where possible.

### **Principal risks and uncertainties**

The Company has limited financial risks given that its principal source of income is the Department for Education. It is not exposed to high levels of risk in connection with cash flow, creditors or bad debtors. Changes to the employer contribution rate for the Local Government Pension Scheme (LGPS) are an identified risk to the Company in light of the deficit. The principal risks and uncertainties in relation to the Company have been identified in the risk register which is updated regularly.

## **STRATEGIC REPORT (continued)**

### **Principal risks and uncertainties (continued)**

The Company maintains a comprehensive risk register that is monitored by the Company's executive team and the Finance and Audit Committee. There are four identified category areas of risk: strategic; operational; compliance and; financial. The three highest risks are:

1. The principal strategic risk is the result of an Ofsted inspection, due in 2016-17. However, the school is confident that pupil progress and attainment scores are very good and the new Head of School and the Executive Headteacher are clearly focussed on achieving consistent high quality teaching and learning across all year groups.
2. The principal financial risk over the next few years is the increasing on-costs associated with staffing, especially around pension contributions and pension deficit, together with no financial reserves being currently in place. This remains a key priority for the Company and is an ongoing focus for the Financial Director. Mitigating actions around the pension deficit include the review of the annual FRS102 valuation report and liaison with LGPS schemes to ensure that the Company is being treated equitably and that latest legislation is understood so that the Company is best placed as a result to minimise pension contribution costs. The Finance and Audit committee review staffing levels and structures to ensure that efficiencies can be made and any economies of scale can be achieved as the school grows in size.
3. The principal operational risk is the outstanding planning permission that will allow the building refurbishment to be completed. In addition, the building refurbishment contract excludes the replacement of certain building systems and equipment and with the age of this equipment the school is incurring higher than expected upkeep and maintenance costs. Mitigating actions taken by the Company include a planned annual maintenance regime at the school, together with the preparation of a strategic asset management plan.

### **PLANS FOR FUTURE PERIODS**

The directors wish to ensure that TGS becomes a high performing school in keeping with its strategic aims listed above. In parallel with this, the Company also plans to work with local schools, academies, academy groups and free schools to share best practice and resources. On 1 October 2016 the Company transferred its operations, assets and liabilities to AAT.

Plans are in place to refurbish and remodel the existing building such that the school has all required rooms and facilities – however full planning approval has yet to be granted by Crawley Borough Council's Planning Development Control Committee – a temporary two year change-of-use planning approval is in place and discussions remain ongoing to find acceptable solutions so that TGS can proceed to its full suite of specialist areas for future year groups.

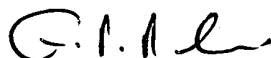
## **Directors' report** for the period to 30 September 2016

### **AUDITOR**

In so far as the directors are aware:

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

The directors' report, incorporating a strategic report, approved by order of the members of the board of directors on 04/07/17 and signed on its behalf by:



Mr G P Palmer

Chairman

Date: 12/07/17

### **Scope of responsibility**

As directors, we acknowledge we have overall responsibility for ensuring that the Crawley Free School Trust 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 directors have delegated the day-to-day responsibility to the Chief Executive Officer, 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 Crawley Free School Trust and the Secretary of State for Education. The Chief Executive Officer is also responsible for reporting to the board of directors any material weaknesses or breakdowns in internal control.

### **Governance**

The information on governance included here supplements that described in the Directors' report and in the statement of directors' responsibilities. The board of directors has not formally met during the one month period.

### **Review of value for money**

As accounting officer the Chief Executive Officer has responsibility for ensuring that the Company 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 Company's use of its resources has provided good value for money during the academic year, and reports to the board of directors where value for money can be improved, including the use on benchmarking data where available. The accounting officer for the Company has delivered and improved value for money during the year by:

The Company has ensured that educational attainment and progress for all pupils has been at least good. Given that the age weighted pupil unit in West Sussex is one of the lowest in the country then these pupil outcomes provide good value for money. In particular the percentage of children achieving a Good Level of Development (GLD) at the end of Reception year in 2016 was 88% and this is significantly above the national average.

The Company has also received free access to Aurora Academies Trust's Global Leadership Institute (GLI) professional development programme. This programme provides significant value for money as it constitutes six days of high quality leadership training for four colleagues in the Company. The commercial cost of GLI for four of the Company's senior leaders, at a competitive rate of £400 per delegate per day, can be calculated as follows:

$$4 \times 6 \times 400 = \text{£}9,600.$$

This training and development provides significant value for money.

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Company's 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 at the Company for the period ended 30 September 2016 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The board of directors has reviewed the key risks to which the Company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Company's significant risks that has been in place for the period ended 30 September 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of directors.

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

The Company'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 directors;
- ◆ regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ delegation of authority and segregation of duties;
- ◆ identification and management of risks.

The board of directors has considered the need for a specific internal audit function and has appointed Carpenter Box as internal auditor.

The auditor's role includes giving advice on financial matters and performing a range of checks on the Company's financial systems. On a termly basis, the auditor reports to the board of directors, through the finance committee on the operation of the systems of control and on the discharge of the board of directors' financial responsibilities.

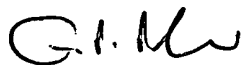
**Review of effectiveness**

As accounting officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the period in question, the review has been informed by:

- ♦ the work of the internal auditor;
- ♦ the work of the external auditor;
- ♦ the financial management and governance self assessment process;
- ♦ the work of the executive leaders within the Company who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has advised the directors of the implications of his review of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of directors on 04/07/17 and signed on their behalf by:



Mr G P Palmer  
Chairman

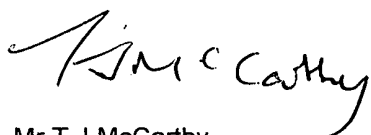


**Statement on regularity, propriety and compliance 30 September 2016**

As accounting officer of the Company, I have considered my responsibility to notify the board of directors 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 Company and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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 directors and EFA.



Mr T J McCarthy  
Accounting Officer

Date: 12/07/17

## Statement of directors' responsibilities 30 September 2016

The directors (who also act as trustees for Crawley Free School Trust for the purposes of charity law) are responsible for preparing the Directors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under company law, the directors 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 income and expenditure for that period. In preparing these financial statements, the directors are required to:

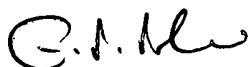
- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The directors are responsible for the maintenance and integrity of the charity and financial information included on the 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 directors on 04/07/17 and signed on its behalf by:



Mr G P Palmer  
Chairman

**Independent auditor's report on the financial statements to the Members of Crawley Free School Trust**

We have audited the financial statements of Crawley Free School Trust ("the charitable company") for the period ended 30 September 2016 which comprise the statement of financial activities, the balance sheet, statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 directors and auditor**

The directors act as trustees for the charitable activities of Crawley Free School Trust and are also the directors of the Company for the purpose of company law.

As explained more fully in the statement of directors' responsibilities set out in the Directors' Report, including the strategic report, the directors 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 Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report, including the strategic 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**

In our opinion:

- ◆ the financial statements give a true and fair view of the state of the Company's affairs as at 30 September 2016 and of its income and expenditure for the period then ended;
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006; and
- ◆ the financial statements have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2015 to 2016.

**Emphasis of matter – Going concern**

In forming our opinion on the accounts, which is not qualified, we have considered the adequacy of the disclosures made in the accounting policies concerning going concern. Subsequent to the period end, on 1 October 2016, the Company's only school was transferred to Aurora Academies Trust (AAT). The net assets of the Company will be transferred at their book value to AAT and the Company will then be dormant and will no longer be a going concern and is expected to be wound up in the next financial period.

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

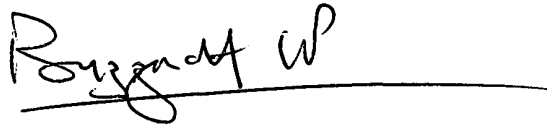
In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report, including the strategic report, for the financial period for which the financial statements are prepared is consistent with the financial statements, and the Directors' report has been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report including the strategic report.

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 directors' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.



Avnish Savjani, Senior Statutory Auditor  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

24 July 2017

**Independent reporting accountant's assurance report on regularity to Crawley Free School Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 5 April 2017 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 Crawley Free School Trust during the period from 1 September 2016 to 30 September 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 Crawley Free School Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Crawley Free School Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Crawley Free School Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Crawley Free School Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Crawley Free School Trust's funding agreement with the Secretary of State for Education dated 14 August 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 from 1 September 2016 to 30 September 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.

**Approach** (continued)

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.

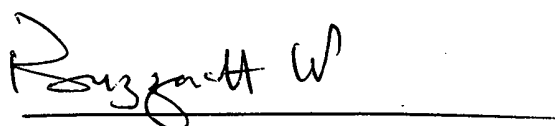
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Company's income and expenditure.

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Company's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

**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 from 1 September 2016 to 30 September 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

24 July 2017

**Statement of financial activities (including income and expenditure account)**  
**Period to 30 September 2016**

|   | Notes | Unrestricted<br>general<br>fund<br>£'000 | Restricted funds |                |                                  | Period<br>from 1<br>September<br>2016 to 30<br>September<br>2016<br>Total<br>funds<br>£'000 | Year<br>ended 31<br>August<br>2016<br>Total<br>funds<br>£'000 |
|---|-------|--|------------------|----------------|----------------------------------|---|---|
|   |       |  | General<br>£'000 | Other<br>£'000 | Fixed<br>assets<br>fund<br>£'000 |   |   |
| <b>Income from:</b>   |       |  |                  |                |                                  |   |   |
| Donations and capital grants  | 1     | —  | —                | —              | 483                              | 483   | 1,957   |
| Charitable activities   |       |  |                  |                |                                  |   |   |
| · Funding for the academy's<br>educational operations                   | 2     | —  | 166              | —              | —                                | 166   | 1,164   |
| Other trading activities  | 3     | 4  | —                | —              | —                                | 4   | 4   |
| <b>Total</b>  |       | <b>4</b>                                 | <b>166</b>       | <b>—</b>       | <b>483</b>                       | <b>653</b>  | <b>3,125</b>  |
| <b>Expenditure on:</b>  |       |  |                  |                |                                  |   |   |
| Raising funds   |       | —  | —                | —              | —                                | —   | 100   |
| Charitable activities   |       |  |                  |                |                                  |   |   |
| · Academy's educational<br>operations                                   | 5     | —  | 151              | —              | 25                               | 176   | 1,318   |
| <b>Total</b>  | 4     | <b>—</b>                                 | <b>151</b>       | <b>—</b>       | <b>25</b>                        | <b>176</b>  | <b>1,418</b>  |
| <b>Net income (expenditure)</b>   |       | <b>4</b>                                 | <b>15</b>        | <b>—</b>       | <b>458</b>                       | <b>477</b>  | <b>1,707</b>  |
| <b>Other recognised gains<br/>and losses</b>                            |       |  |                  |                |                                  |   |   |
| Actuarial (losses) on defined<br>benefit pension scheme                 | 20    | —  | —                | —              | —                                | —   | (29)  |
| <b>Net movement in funds</b>  |       | <b>4</b>                                 | <b>15</b>        | <b>—</b>       | <b>458</b>                       | <b>477</b>  | <b>1,678</b>  |
| <b>Reconciliation of funds</b>  |       |  |                  |                |                                  |   |   |
| Total fund balances brought<br>forward at 1 September 2016              |       | —  | (24)             | —              | 7,777                            | 7,753   | 6,075   |
| <b>Total fund balances carried<br/>forward at 30 September<br/>2016</b> |       | <b>4</b>                                 | <b>(9)</b>       | <b>—</b>       | <b>8,235</b>                     | <b>8,230</b>  | <b>7,753</b>  |

All of the Academy's activities derived from continuing operations during the above two financial periods.



# Balance sheet 30 September 2016

|  | Notes | 30<br>September<br>2016<br>£'000 | 30<br>September<br>2016<br>£'000 | 31 August<br>2016<br>£'000 | 31 August<br>2016<br>£'000 |
|--|-------|----------------------------------|----------------------------------|----------------------------|----------------------------|
| <b>Fixed assets</b>                            |       |                                  |                                  |                            |                            |
| Tangible fixed assets                          | 11    |                                  | 8,230                            |                            | 7,772                      |
| <b>Current assets</b>                          |       |                                  |                                  |                            |                            |
| Stock  | 12    | 10                               |                                  | 15                         |                            |
| Debtors  | 13    | 1,030                            |                                  | 1,054                      |                            |
| Cash at bank and in hand                       |       | 111                              |                                  | 103                        |                            |
|  |       | <u>1,151</u>                     |                                  | <u>1,172</u>               |                            |
| <b>Liabilities</b>                             |       |                                  |                                  |                            |                            |
| Creditors: amounts falling due within one year | 14    | (1,117)                          |                                  | (1,157)                    |                            |
| <b>Net current assets (liabilities)</b>        |       |                                  | <u>34</u>                        |                            | <u>15</u>                  |
| <b>Total assets less current liabilities</b>   |       |                                  | <u>8,264</u>                     |                            | <u>7,787</u>               |
| Pension scheme liability                       | 20    |                                  | (34)                             |                            | (34)                       |
| <b>Total net assets</b>                        |       |                                  | <u>8,230</u>                     |                            | <u>7,753</u>               |
| <b>Funds of the Academy</b>                    |       |                                  |                                  |                            |                            |
| Restricted funds                               |       |                                  |                                  |                            |                            |
| . Fixed assets fund                            | 15    |                                  | 8,235                            |                            | 7,777                      |
| . Restricted income fund                       | 15    |                                  | 25                               |                            | 10                         |
| . Pension reserve                              | 15    |                                  | (34)                             |                            | (34)                       |
|  |       |                                  | <u>8,226</u>                     |                            | <u>7,753</u>               |
| Unrestricted funds                             |       |                                  |                                  |                            |                            |
| . General fund                                 | 15    |                                  | 4                                |                            | —                          |
| <b>Total funds</b>                             |       |                                  | <u>8,230</u>                     |                            | <u>7,753</u>               |

The financial statements on page 21 to 43 were approved by the directors, and authorised for issue on 04/07/17 2017 and are signed on their behalf by:

G. P. Palmer

Mr G P Palmer  
Chairman

Crawley Free School Trust  
Company Limited by Guarantee  
Registration Number: 08339290 (England and Wales)

**Statement of cash flows** Period to 30 September 2016

|  | Notes | Period<br>from 1<br>September<br>2016 to 30<br>September<br>2016<br>£ | Year ended<br>31 August<br>2016<br>£ |
|--|-------|---|--------------------------------------|
| <b>Net cash inflow from operating activities</b>                 |       |   |                                      |
| Net cash provided by (used in) operating activities              | A     | 8   | 69                                   |
| <b>Cash flows from investing activities</b>                      | B     | —   | 4                                    |
| <b>Change in cash and cash equivalents in the year</b>           |       | <b>8</b>  | <b>73</b>                            |
| <b>Reconciliation of net cash flow to movement in net funds:</b> |       |   |                                      |
| Cash and cash equivalents at 1 September 2016                    |       | 103   | 30                                   |
| Cash and cash equivalents at 30 September 2016                   | C     | 111   | 103                                  |

**A Reconciliation of income to net cash flow from operating activities**

|   | Period<br>from 1<br>September<br>2016 to 30<br>September<br>2016<br>£ | Year ended<br>31 August<br>2016<br>£ |
|---|---|--------------------------------------|
| <b>Net income for the period (as per the statement of financial activities)</b> | <b>477</b>  | <b>1,707</b>                         |
| <b>Adjusted for:</b>  |   |                                      |
| Depreciation (note 11)  | 25  | 231                                  |
| Capital grants from DfE and other capital income                                | (483)   | (1,932)                              |
| Defined benefit pension scheme cost less contributions payable (note 20)        | —   | 9                                    |
| Defined benefit pension scheme finance cost (note 20)                           | —   | (8)                                  |
| Decrease in stocks  | 5   | 2                                    |
| Increase in debtors   | (41)  | (114)                                |
| Increase in creditors   | 25  | 174                                  |
| <b>Net cash (used in) provided by operating activities</b>                      | <b>8</b>  | <b>69</b>                            |

**Statement of cash flows** Period to 30 September 2016

**B Cash flows from investing activities**

|  | Period<br>from 1<br>September<br>2016 to 30<br>September<br>2016<br>£ | Year ended<br>31 August<br>2016<br>£ |
|--|---|--------------------------------------|
| Purchase of tangible fixed assets                | (483)   | (1,928)                              |
| Capital grants from DfE/EFA                      | 483   | 1,932                                |
| <b>Net cash provided by investing activities</b> | <b>—</b>  | <b>4</b>                             |

**C Analysis of cash and cash equivalents**

|  | Period<br>from 1<br>September<br>2016 to 30<br>September<br>2016<br>£ | Year ended<br>31 August<br>2016<br>£ |
|--|---|--------------------------------------|
| Cash at bank and in hand               | 111   | 103                                  |
| <b>Total cash and cash equivalents</b> | <b>111</b>  | <b>103</b>                           |

**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 the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Crawley Free School Trust meets the definition of a public benefit entity under FRS 102.

**Going concern**

The directors 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 directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements.

On 1 October 2016 the Company transferred its only school to Aurora Academies Trust. The Company will then be dormant and no longer be a going concern and is expected to be wound up in the next financial period. All assets and liabilities were transferred at their book values. The transfer was approved by the Education Funding Agency.

**Income**

All incoming resources are recognised when the Company 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.

**Income (continued)**

***Grants (continued)***

The General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

***Sponsorship income***

Sponsorship income provided to the Company which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

***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 Company 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 Company's accounting policies.

### **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 Company 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 Company's educational operations, including support costs and costs relating to the governance of the Company apportioned to charitable activities.

All resources expended are stated net of recoverable VAT.

### **Tangible fixed assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Company's depreciation policy.

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

|                               |                  |
|-------------------------------|------------------|
| ♦ Freehold land and buildings | 2% per annum     |
| ♦ Fixtures and equipment      | 33% per annum    |
| ♦ Computer equipment          | 20-33% per annum |

**Tangible fixed assets (continued)**

Depreciation is charged from the month following acquisition.

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 settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

**Leased assets**

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

**Stock**

Unsold uniform stock is valued at the lower of cost or net realisable value.

**Taxation**

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

**Pensions benefits**

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

#### **Pensions benefits (continued)**

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Company in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

#### **Fund accounting**

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

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

Restricted income funds comprise all other grants received from the Education Funding Agency/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 areas of judgement (continued)**

***Critical accounting estimates and assumptions***

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

In addition, the Company has not obtained a pension report from the actuary as at 30 September 2016, on the basis that the movements and change in value of the pension liability over the one month accounting period would not be material.

***Critical areas of judgement***

There are no areas in the financial statements which required the directors to make significant judgements.

**1 Donations and capital grants**

|                    | Unrestricted<br>funds<br>£'000 | Restricted<br>funds<br>£'000 | Period<br>from 1<br>September<br>2016 to 30<br>September<br>2016<br>Total<br>funds<br>£'000 | Year ended<br>31 August<br>2016<br>Total<br>funds<br>£'000 |
|--------------------|--------------------------------|------------------------------|---|--|
| Capital grants     | —                              | 483                          | 483   | 1,932  |
| Other donations    | —                              | —                            | —   | 25   |
| <b>Total funds</b> | <b>—</b>                       | <b>483</b>                   | <b>483</b>  | <b>1,957</b>   |

**2 Funding for the academy's educational operations**

|                                 | Unrestricted<br>funds<br>£'000 | Restricted<br>funds<br>£'000 | Period<br>from 1<br>September<br>2016 to 30<br>September<br>2016<br>Total<br>funds<br>£'000 | Year ended<br>31 August<br>2016<br>Total<br>funds<br>£'000 |
|---------------------------------|--------------------------------|------------------------------|---|--|
| <b>DfE / EFA revenue grants</b> |                                |                              |   |  |
| General Annual Grant (GAG)      | —                              | 116                          | 116   | 901  |
| Start Up grants                 | —                              | 43                           | 43  | 153  |
| Other DfE / EFA                 | —                              | 7                            | 7   | 110  |
|                                 | —                              | 166                          | 166   | 1,164  |
| <b>Total funds</b>              | <b>—</b>                       | <b>183</b>                   | <b>183</b>  | <b>1,164</b>   |

**3 Other trading activities**

|                      | Unrestricted<br>funds<br>£'000 | Restricted<br>funds<br>£'000 | Period<br>from 1<br>September<br>2016 to 30<br>September<br>2016<br>Total<br>funds<br>£'000 | Year ended<br>31 August<br>2016<br>Total<br>funds<br>£'000 |
|----------------------|--------------------------------|------------------------------|---|--|
| Catering income      | —                              | —                            | —   | 2  |
| Music Tuition        | —                              | —                            | —   | 2  |
| Miscellaneous income | 4                              | —                            | 4   | —  |
| <b>Total funds</b>   | <b>4</b>                       | <b>—</b>                     | <b>4</b>  | <b>4</b>   |

#### 4 Expenditure

|  | Non pay expenditure     |                   |                         | Period<br>from 1<br>September<br>2016 to 30<br>September<br>2016<br>Total<br>funds<br>£'000 | Year ended<br>31 August<br>2016<br>Total<br>funds<br>£'000 |
|--|-------------------------|-------------------|-------------------------|---|--|
|  | Staff<br>costs<br>£'000 | Premises<br>£'000 | Other<br>costs<br>£'000 |   |  |
| Expenditure on raising funds           | —                       | —                 | —                       | —   | 100  |
| Charitable activities                  |                         |                   |                         |   |  |
| .. Academy's educational<br>operations |                         |                   |                         |   |  |
| .. Direct costs                        | 64                      | —                 | 26                      | 90  | 714  |
| .. Allocated support costs             | 20                      | 33                | 33                      | 86  | 604  |
| <b>Total funds</b>                     | <b>84</b>               | <b>33</b>         | <b>59</b>               | <b>176</b>  | <b>1,418</b>   |

|  | Period<br>from 1<br>September<br>2016 to 30<br>September<br>2016<br>Total<br>funds<br>£'000 | Year ended<br>31 August<br>2016<br>Total<br>funds<br>£'000 |
|--|---|--|
| <b>Net income for the year includes:</b> |   |  |
| Operating leases                         | —   | 8  |
| Depreciation                             | 25  | 231  |
| Fees payable to auditor                  |   |  |
| .. Statutory audit                       | 4   | 8  |

#### 5 Charitable activities - academy's educational operations

|               | Period<br>from 1<br>September<br>2016 to 30<br>September<br>2016<br>Total<br>funds<br>£'000 | Year ended<br>31 August<br>2016<br>Total<br>funds<br>£'000 |
|---------------|---|--|
| Direct costs  | 90  | 714  |
| Support costs | 86  | 604  |
|               | <b>176</b>  | <b>1,318</b>   |

**5 Charitable activities - academy's educational operations (continued)**

|                                  | Period<br>from 1<br>September<br>2016 to 30<br>September<br>2016<br>Total<br>funds<br>£'000 | Year ended<br>31 August<br>2016<br>Total<br>funds<br>£'000 |
|----------------------------------|---|--|
| <b>Analysis of support costs</b> |   |  |
| Support staff costs              | 20  | 148  |
| Depreciation                     | 25  | 231  |
| Technology costs                 | 7   | 18   |
| Premises costs                   | 8   | 83   |
| Other support costs              | 22  | 106  |
| Governance costs (note 6)        | 4   | 18   |
| <b>Total support costs</b>       | <b>86</b>   | <b>604</b>   |

**6 Governance costs**

|                                 | Period<br>from 1<br>September<br>2016 to 30<br>September<br>2016<br>Total<br>funds<br>£'000 | Year ended<br>31 August<br>2016<br>Total<br>funds<br>£'000 |
|---------------------------------|---|--|
| Legal and professional fees     | —   | 3  |
| Auditor's remuneration:         |   |  |
| . Audit of financial statements | 4   | 8  |
| . TPS audit                     | —   | 2  |
| . Responsible officer audit     | —   | 5  |
|                                 | <b>4</b>  | <b>18</b>  |

## 7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2016 between restricted and unrestricted funds:

|  | Unrestricted<br>general<br>fund<br>£ | Restricted funds |            |                              | 2016<br>Total<br>funds<br>£ |
|--|--------------------------------------|------------------|------------|------------------------------|-----------------------------|
|  |                                      | General<br>£     | Other<br>£ | Fixed<br>assets<br>fund<br>£ |                             |
| <b>Income from:</b>  |                                      |                  |            |                              |                             |
| Donations and capital grants                                 | 24,419                               | 400              | —          | 1,932,509                    | 1,957,328                   |
| Charitable activities  |                                      |                  |            |                              |                             |
| Funding for the academy's educational operations             | —                                    | 1,163,546        | —          | —                            | 1,163,546                   |
| Other trading activities                                     | 4,388                                | —                | —          | —                            | 4,388                       |
| Investments  | 132                                  | —                | —          | —                            | 132                         |
| <b>Total</b>   | <b>28,939</b>                        | <b>1,163,946</b> | <b>—</b>   | <b>1,932,509</b>             | <b>3,125,394</b>            |
| <b>Expenditure on:</b>                                       |                                      |                  |            |                              |                             |
| Raising funds  | 35,064                               | 64,862           | —          | —                            | 99,926                      |
| Charitable activities  |                                      |                  |            |                              |                             |
| Academy's educational operations                             | —                                    | 1,087,715        | —          | 230,700                      | 1,318,415                   |
| <b>Total</b>   | <b>35,064</b>                        | <b>1,152,577</b> | <b>—</b>   | <b>230,700</b>               | <b>1,418,341</b>            |
| <b>Net (expenditure) income</b>                              | <b>(6,125)</b>                       | <b>11,369</b>    | <b>—</b>   | <b>1,701,809</b>             | <b>1,707,053</b>            |
| Transfers between funds                                      | 6,125                                | (6,125)          | —          | —                            | —                           |
| <b>Other recognised gains and losses</b>                     |                                      |                  |            |                              |                             |
| Actuarial losses on defined benefit pension scheme           | —                                    | (29,000)         | —          | —                            | (29,000)                    |
| <b>Net movement in funds</b>                                 | <b>—</b>                             | <b>(23,756)</b>  | <b>—</b>   | <b>1,701,809</b>             | <b>1,678,053</b>            |
| <b>Reconciliation of funds</b>                               |                                      |                  |            |                              |                             |
| Total fund balances brought forward at 1 September 2015      | —                                    | (146)            | —          | 6,075,286                    | 6,075,140                   |
| <b>Total fund balances carried forward at 31 August 2016</b> | <b>—</b>                             | <b>(23,902)</b>  | <b>—</b>   | <b>7,777,095</b>             | <b>7,753,193</b>            |

## 8 Staff

### (a) Staff costs

Staff costs during the year were:

|                           | Period<br>from 1<br>September<br>2016 to 30<br>September<br>2016<br>Total<br>funds<br>£'000 | Year ended<br>31 August<br>2016<br>Total<br>funds<br>£'000 |
|---------------------------|---|--|
| Wages and salaries        | 68  | 568  |
| Social security costs     | 5   | 32   |
| Pension costs             | 11  | 73   |
|                           | <b>84</b>   | <b>673</b>   |
| Staff restructuring costs | —   | 142  |
|                           | <b>84</b>   | <b>815</b>   |

### (b) Staff numbers

The average numbers of persons (including senior management team) employed by the Company during the year was as follows:

| Charitable activities      | Period<br>from 1<br>September<br>2016 to 30<br>September<br>2016<br>No. | Year ended<br>31 August<br>2016<br>No. |
|----------------------------|---|--|
| Teachers                   | 13  | 6                                      |
| Administration and support | 23  | 15                                     |
| Management                 | 2   | 2                                      |
|                            | <b>38</b>   | <b>23</b>                              |

### (c) Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) fell within the following bands was:

|                   | Period<br>from 1<br>September<br>2016 to 30<br>September<br>2016<br>No. | Year ended<br>31 August<br>2016<br>No. |
|-------------------|---|--|
| £60,001 - £70,000 | 1   | 1                                      |

## 8 Staff (continued)

### (d) Key management personnel

The key management personnel of the Company comprise the directors and the senior management team as listed on page 1. The total amount of employee benefits (including employee pension contributions) received by key management personnel for their services to the Company was £13,040 (2016: £96,264). This was incurred as a recharge from Aurora Academies Trust.

## 9 Directors' remuneration and expenses

The Executive Headteacher only receives remuneration in respect of services provided undertaking the role of Executive Headteacher and not in respect of their services as director. Directors did not receive any payments, other than expenses, from the Company in respect of their role as directors. During the period, travel and subsistence payments totalling £nil (2016: £nil) were made.

Other related party transactions involving the directors are set out in note 21.

## 10 Directors' and Officers' insurance

In accordance with normal commercial practice the Company has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Company business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the period ended 30 September 2016 was included in the Company's insurance policy under the Education Funding Agency Risk Protection Assurance arrangement.

## 11 Tangible fixed assets

|                       | Freehold<br>land and<br>buildings<br>£'000 | Furniture<br>and<br>equipment<br>£'000 | Computer<br>equipment<br>£'000 | Total<br>funds<br>£'000 |
|-----------------------|--|--|--------------------------------|-------------------------|
| <b>Cost/valuation</b> |  |  |                                |                         |
| At 1 September 2016   | 7,706                                      | 138                                    | 283                            | 8,127                   |
| Additions             | 417  | 66                                     | —                              | 483                     |
| At 30 September 2016  | 8,123                                      | 204                                    | 283                            | 8,610                   |
| <b>Depreciation</b>   |  |  |                                |                         |
| At 1 September 2016   | 200  | 32                                     | 123                            | 355                     |
| Charge in period      | 14   | 3                                      | 8                              | 25                      |
| At 30 September 2016  | 214  | 35                                     | 131                            | 380                     |
| <b>Net book value</b> |  |  |                                |                         |
| At 30 September 2016  | 7,909                                      | 169                                    | 152                            | 8,230                   |
| At 31 August 2016     | 7,506                                      | 106                                    | 160                            | 7,772                   |

On 1 October 2016, the Company's freehold land and buildings and the above fixed assets were transferred to Aurora Academies Trust at their carrying value.

## 12 Stock

|                | Period<br>ended 30<br>September<br>2016<br>£'000 | Year<br>ended 31<br>August<br>2016<br>£'000 |
|----------------|--|---|
| School uniform | 10   | 15  |

## 13 Debtors

|                                | Period<br>ended 30<br>September<br>2016<br>£'000 | Year<br>ended 31<br>August<br>2016<br>£'000 |
|--------------------------------|--|---|
| Trade debtors                  | —  | —   |
| Prepayments and accrued income | 521  | 678   |
| VAT Debtor                     | 482  | 376   |
| Other debtors                  | 27   | —   |
|                                | <b>1,030</b>                                     | <b>1,054</b>                                |

## 14 Creditors: amounts falling due within one year

|                                      | 2017<br>£'000 | 2016<br>£'000 |
|--------------------------------------|---------------|---------------|
| Trade creditors                      | 667           | 699           |
| Taxation and social security         | —             | —             |
| EFA creditor                         | 362           | 391           |
| Other creditors                      | 29            | —             |
| Accruals and deferred income         | 59            | 67            |
|                                      | <b>1,117</b>  | <b>1,157</b>  |
| <b>Deferred income</b>               |               |               |
| Deferred Income at 1 September 2016  | 20            | 16            |
| Resources deferred in the period     | —             | 20            |
| Amounts released from previous years | (3)           | (16)          |
| Deferred Income at 30 September 2016 | <b>17</b>     | <b>20</b>     |

Deferred income relates to income received in advance for UIFSM.



## 15 Funds

|                                 | Balance at<br>1 September<br>2016<br>£ | Income<br>£ | Expenditure<br>£ | Gains,<br>losses and<br>transfers<br>£ | Balance at<br>30<br>September<br>2016<br>£ |
|---------------------------------|--|-------------|------------------|--|--|
| <b>Restricted general funds</b> |  |             |                  |  |  |
| · General Annual Grant (GAG)    | 10                                     | 116         | (101)            | —                                      | 25   |
| · Start Up Grant                | —                                      | 43          | (43)             | —                                      | —  |
| · Pupil premium                 | —                                      | 4           | (4)              | —                                      | —  |
| · Other EFA grants              | —                                      | 3           | (3)              | —                                      | —  |
|                                 | 10                                     | 166         | (151)            | —                                      | 25   |
| · Pension reserve               | (34)                                   | —           | —                | —                                      | (34)                                       |
|                                 | (24)                                   | 166         | (151)            | —                                      | (9)  |
| <b>Fixed assets fund</b>        |  |             |                  |  |  |
| · EFA capital grants            | 7,777                                  | 483         | (25)             | —                                      | 8,235                                      |
|                                 | 7,777                                  | 483         | (25)             | —                                      | 8,235                                      |
| <b>Total restricted funds</b>   | 7,753                                  | 649         | (176)            | —                                      | 8,226                                      |
| <b>Total unrestricted funds</b> | —                                      | 4           | —                | —                                      | 4  |
| <b>Total funds</b>              | 7,753                                  | 653         | (176)            | —                                      | 8,230                                      |

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

### ***EFA revenue grant fund and other restricted funds***

These grants relate to the Company's development and operational activities.

#### ***General Annual Grant (GAG)***

Under the funding agreement with the Secretary of State, the Company was not subject to a limit on the amount of GAG that it could carry forward at 30 September 2016.

#### ***Fixed asset fund***

The fixed asset fund includes grants received from the DfE and other sources to finance the purchase of fixed assets.

#### ***Pension reserve***

The pension reserve relates to the academy's share of the deficit of the Local Government Pension Schemes overseen by the Local Authority.

## 16 Analysis of net assets between funds

|   | Unrestricted<br>funds<br>£'000 | Restricted<br>General<br>Funds<br>£'000 | Restricted<br>Fixed<br>Asset<br>Fund<br>£'000 | Total<br>30<br>September<br>2016<br>£'000 |
|---|--------------------------------|---|---|---|
| <b>Fund balances at 30 September 2016 are represented by:</b> |                                |   |   |   |
| Tangible fixed assets   | —                              | —                                       | 8,230   | 8,230                                     |
| Current assets  | 4                              | 1,142                                   | 5   | 1,151                                     |
| Current liabilities   | —                              | (1,117)                                 | —   | (1,117)                                   |
| Pension scheme liability                                      | —                              | (34)                                    | —   | (34)                                      |
| <b>Total net assets</b>                                       | <b>4</b>                       | <b>(9)</b>                              | <b>8,235</b>                                  | <b>8,230</b>                              |

## 17 Capital commitments

|  | Period<br>ended 30<br>September<br>2016<br>£'000 | Year<br>ended 31<br>August<br>2016<br>£'000 |
|--|--|---|
| Contracted for, but not provided in the financial statements | Nil  | Nil   |

## 18 Commitments under operating leases

### *Operating leases*

At 30 September 2016, the total of the Company's future minimum lease payments under non-cancellable operating leases was as follows:

|  | Period<br>ended 30<br>September<br>2016<br>£'000 | Year<br>ended 31<br>August<br>2016<br>£'000 |
|--|--|---|
| Equipment:                                       |  |   |
| Amounts due within one year                      | 6  | —   |
| Amounts due between two and five years inclusive | 6  | —   |
| Amounts due after five years                     | —  | —   |
|  | <b>12</b>  | <b>—</b>                                    |

## 19 Members' Liability

Each member of the 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.

## 20 Pension and similar obligations

The Company'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 [name]. Both are multi-employer defined benefit schemes.

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

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

### *Teachers' Pension Scheme*

#### *Introduction*

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

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

#### *Valuation of the Teachers' Pension Scheme*

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

- ♦ employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- ♦ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million

## 20 Pension and similar obligations (continued)

### *Teachers' Pension Scheme (continued)*

#### *Valuation of the Teachers' Pension Scheme (continued)*

- ◆ an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- ◆ the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £6,000 (2016: £26,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions 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 (LGPS)**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 30 September 2016 was £5,000, of which employer's contributions totalled £4,000 and employees' contributions totalled £1,000. The agreed contribution rates for future years are 21% of employers and between 5.5% and 6.5% of employees.

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

|  | At 30<br>September<br>2016 | At 31<br>August<br>2016 |
|--|----------------------------|-------------------------|
| <b>Principal Actuarial Assumptions</b>               |                            |                         |
| Rate of increase in salaries                         | 3.6%                       | 3.6%                    |
| Rate of increase for pensions in payment / inflation | 2.1%                       | 2.1%                    |
| Discount rate for scheme liabilities                 | 2.1%                       | 2.1%                    |

## 20 Pension and similar obligations (continued)

### *Local Government Pension Scheme (LGPS) (continued)*

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

|                             | At 30<br>September<br>2016 | At 31<br>August<br>2016 |
|-----------------------------|----------------------------|-------------------------|
| <i>Retiring today</i>       |                            |                         |
| Males                       | 24.4                       | 24.4                    |
| Females                     | 25.8                       | 25.8                    |
| <i>Retiring in 20 years</i> |                            |                         |
| Males                       | 26.9                       | 26.9                    |
| Females                     | 28.5                       | 28.5                    |

The Company's share of the assets and liabilities in the scheme were:

|                                     | Fair value<br>at 30<br>September<br>2016<br>£'000 | Fair value<br>at 31<br>August<br>2016<br>£'000 |
|-------------------------------------|---|--|
| Equity instruments                  | 51  | 51   |
| Debt instruments                    | 11  | 11   |
| Property                            | 6   | 6  |
| Cash                                | 2   | 2  |
| <b>Total market value of assets</b> | <b>70</b>   | <b>70</b>                                      |
| Liability                           | (104)   | (104)  |
| <b>Deficit in the scheme</b>        | <b>(34)</b>                                       | <b>(34)</b>                                    |

The actual return on scheme assets was £nil (2016: £10,000).

|  | At 30<br>September<br>2016<br>£'000 | At 31<br>August<br>2016<br>£'000 |
|--|-------------------------------------|----------------------------------|
| <b>Amounts recognised in statement of financial activities</b> |                                     |                                  |
| Current service costs (net of employee contributions)          | —                                   | 35                               |
| Net interest cost  | —                                   | —                                |
| <b>Total operating charge</b>                                  | <b>—</b>                            | <b>35</b>                        |

## 20 Pension and similar obligations (continued)

### *Local Government Pension Scheme (LGPS) (continued)*

| Changes in the present value of defined benefit obligations were as follows: | At 30<br>September<br>2016<br>£'000 | At 31<br>August<br>2016<br>£'000 |
|--|-------------------------------------|----------------------------------|
| At 1 September 2016  | 104                                 | 30                               |
| Current service cost   | —                                   | 35                               |
| Interest cost  | —                                   | 2                                |
| Employee contributions   | —                                   | 8                                |
| Actuarial loss   | —                                   | 29                               |
| <b>At 30 September 2016</b>  | <b>104</b>                          | <b>104</b>                       |

| Changes in the fair value of the Company's share of scheme assets: | At 30<br>September<br>2016<br>£'000 | At 31<br>August<br>2016<br>£'000 |
|--|-------------------------------------|----------------------------------|
| At 1 September 2016  | 70                                  | 26                               |
| Interest income  | —                                   | 10                               |
| Actuarial gain/(loss)  | —                                   | —                                |
| Employer contributions   | —                                   | 26                               |
| Employee contributions   | —                                   | 8                                |
| <b>At 30 September 2016</b>  | <b>70</b>                           | <b>70</b>                        |

## 21 Related party transactions

Owing to the nature of the Company's operations and the composition of the Board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which a member of the trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

The following related party transactions took place in the year:

Tim McCarthy is a director and Chief Executive Officer of the Company and also a director and Chief Executive Officer of Aurora Academies Trust. Aurora Academies Trust provided leadership and financial services to the Company during the period via the part time secondment of senior staff including the Chief Executive Officer, Executive Headteacher and Financial Director. A total charge of £13,040 (2016: £68,124) in that respect was incurred during the period. Aurora Academies Trust also made a charge of £1,750 (2016: £16,123) for the Paragon curriculum which it purchased from Pansophic Learning on behalf of the Company. These balances were outstanding at the year end.

## 22 Post balance sheet event

From 1 October 2016, the Company has transferred all of its operations, assets, liabilities and reserves to Aurora Academies Trust.