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REGISTRAR COPY

THE FERRERS SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017



THE FERRERS SCHOOL
(A company limited by guarantee)

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 9
Governance Statement	10 - 13
Statement on Regularity, Propriety and Compliance	14
Statement of Trustees' Responsibilities	15
Independent Auditor's Report on the Financial Statements	16 - 18
Independent Reporting Accountant's Assurance Report on Regularity	19 - 20
Statement of Financial Activities Incorporating Income and Expenditure Account	21
Balance Sheet	22
Statement of Cash Flows	23
Notes to the Financial Statements	24 - 46

THE FERRERS SCHOOL
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members	Mr J Nicholson FCA Mr A Briggs Mr T Hopkins Mr A Dougall
Trustees	Mr T Hopkins, Chair Mr R Gray LLB Law (Honours), Vice Chair Mrs A Smith, Headteacher and Accounting Officer (appointed 1 September 2017) Mr J S Giles, Headteacher (resigned 31 August 2017) Mr J Nicholson FCA Mr A Briggs Mr A Dougall Miss R Jones, Staff Trustee (resigned 1 December 2016) Miss I Campbell, Staff Trustee (resigned 28 November 2016) Mrs T Clarke Mrs C Baldry (resigned 25 February 2017) Mr M Kennedy, Staff Trustee (appointed 1 December 2016) Mrs V Barnard (appointed 20 February 2017) Mr M Foster (appointed 12 April 2017) Ms C McCarthy (appointed 12 April 2017) Mr M Kay (appointed 12 April 2017)
Company registered number	08621334
Company name	The Ferrers School
Principal and registered office	The Ferrers School Queensway Higham Ferrers Rushden Northamptonshire NN10 8LF
Company secretary	Mrs T Watson
Chief executive officer	Mr T Hopkins
Senior management team	Mrs A Smith, Headteacher (appointed 1 September 2017) Mr J S Giles, Headteacher (resigned 31 August 2017) Mr K O'Grady, Deputy Headteacher Miss C Howe, Assistant Headteacher Miss C Leech, Assistant Headteacher Miss K York, Assistant Headteacher Miss K Murphy, Inclusion Manager Mrs T Watson, Business Manager

THE FERRERS SCHOOL
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Advisers (continued)

Independent auditor	MHA MacIntyre Hudson Chartered Accountants Statutory Auditors Peterbridge House The Lakes Northampton NN4 7HB
Bankers	Lloyds Bank Plc Rushden Northants NN10 0QE
Solicitors	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B3 2ES

THE FERRERS SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's report of the Charitable Company for the 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust operates an Academy for pupils aged 11 to 19 serving a catchment area in Higham Ferrers and Rushden. It has a pupil capacity of 1,134 and had a roll of 1,031 in the school summer census taken on 18 May 2017.

Structure, governance and management

CONSTITUTION

The Academy Trust is a Charitable Company limited by guarantee and an exempt charity.

The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees of The Ferrers School are also the directors of the Charitable Company for the purpose of company law.

The Charitable Company is known as The Ferrers School.

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

MEMBERS' LIABILITY

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

TRUSTEES' INDEMNITIES

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The total cost of insurance in the year was £22,045 through RPA, of which the Trustees' Indemnity insurance forms a sub-section.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The Board of Trustees is responsible for appointing Trustees except for Parent Trustees and Staff Trustees who are elected by a secret ballot. Trustees are subject to retirement by rotation but are eligible for re-election at the meeting at which they retire. The Trustees to retire are those who have served a four year term.

New Trustees are recruited with the help of SGOSS by advertising on their website. The advert will include the skill set that the Board of Trustees are looking for. The applicant will complete an application form which is then sent to the Board of Trustees. References are applied for, if these are suitable then a meeting will take place with the applicant and a couple of Trustees before the appointment is approved by the FGB.

THE FERRERS SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The training and induction provided for new Trustees will depend on their experience. All new Trustees receive a minimum induction programme and where necessary this includes information on charity and educational, legal and financial matters. All new Trustees are given a tour of the Academy and an opportunity to meet with staff and students. All new Trustees are provided with an induction pack which includes the School Improvement Plan, minutes, accounts, budgets, access to policies are available on an external website, with DfE statutory documentation and guidance.

ORGANISATIONAL STRUCTURE

The Board of Trustees have included standing items on the agenda which cover Budgets; Audit and Risk and Health and Safety. Personnel, Premises, Welfare and Curriculum items are included on the FGB agenda on a rotational basis throughout the year. The Board of Trustees delegates responsibility for operational matters to the Head Teacher who is also the Accounting Officer.

The Trustees are responsible for setting the strategy and general policy, adopting an annual plan and budget and monitoring the performance of the Academy. The Trustees also make any major decisions for the Academy especially in relation to capital expenditure and senior appointments.

The Senior Leadership Team comprises, the Head Teacher, one Deputy Head Teacher, three Assistant Head Teachers, the Inclusion Manager and the Business Manager. These managers control the Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff in accordance with the agreed structure. Appointments for the Senior Leadership Team always include a Trustee and the appointment of a Head Teacher is managed by the Board of Trustees. Normal spending control is devolved to members of the Senior Leadership Team with limits above which a member of the Senior Leadership Team must sign.

ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

The Trustees Pay Review Committee meet annually in the autumn term to review recommendations by the Head Teacher for pay progression for eligible members of staff. The Trustees are advised by an independent senior educationalist in relation to the Head Teacher's remuneration package. Pay progression is related to performance management outcomes and the School's academic success.

RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

The Sixth form operates as part of a three school consortium to deliver 16-19 education, "TENC" – The East Northants College. TENC has operated for a number of years and comprises The Ferrers School, Huxlow Science College and Rushden Academy. Huxlow Science College administers TENC on behalf of the other two academies including making payments on behalf of TENC. Each School has received TENC finance position for 2016-17.

We are also a member of the East Northants Partnership which delivers vocational education locally and comprises three schools, two Further Education colleges and a local vocational higher education training organisation.

THE FERRERS SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Objectives and Activities

OBJECTS AND AIMS

The principle object and activity of the Charitable Company is the operation of The Ferrers School to provide education for students of differing abilities between the ages of 11 and 19 by offering a broad and balanced curriculum.

We base what we do around the following core values:

- Learning – we are ambitious to create and develop successful, effective learners;
- Respect – we believe that all people have the right to be treated with consideration and dignity;
- Participation – we expect everyone to actively contribute to their success;
- Aspiration – we strive to always be the best we can;
- Celebration – we recognise and reward the successes of our students;
- Collaboration – we know that we can gain by working with, contributing to and learning from partners in our local and wider community.

OBJECTIVES, STRATEGIES AND ACTIVITIES

The main objectives for the Academy during the year are summarised below; more details for each can be found in our School Development Plan:

- Improve standards of achievement and rates of progress - Students' progress and achievement will be consistently above National standard with minimal gaps in achievement between disadvantaged students and others;
- Strengthening leadership and management at all levels - Leadership and management support higher aspirations and promote wider links within school and the wider community;
- Improving the quality of teaching and learning - Teachers will be free to innovate to create a diverse curriculum with creative, varied teaching styles. Our best practice will be informed by research and we will increasingly lead others in improving practice;
- Developing more effective learners - Students will be more effective, autonomous learners, taking more responsibility for their own learning and contributing to decisions made in school.

PUBLIC BENEFIT

The Academy Trust promotes education for the benefit of the local community of Higham Ferrers, Rushden and surrounding villages and offers recreational facilities to local community groups outside of school hours for the benefit of the general public.

Community based projects are also undertaken throughout the year by staff and students which further enhances the public benefit.

THE FERRERS SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Strategic report

Achievements and performance

KEY PERFORMANCE INDICATORS

Key Stage 5

- Very good attainment and progress
 - o Attainment improved to an average grade of C from C- in 2016
 - o Value Added improved to +0.27, which is significantly above national expectation of 0

Key Stage 4

- Very disappointing performance in Year 11 students in attainment and progress
 - o The Attainment 8 score of 3.9 is half a grade lower than the national of 4.4;
 - o This is reflected in the Progress 8 score of -0.79 (unvalidated data) of -0.79. The national expectation is 0, and the floor expectation is -0.5;
 - o The attainment & progress gap for disadvantaged students narrowed from 2016 – however, these measures showed the gap has not closed sufficiently and were also below floor expectations.

The Academy Trust also uses a number of financial key performance indicators to monitor the financial success of the Academy Trust and progress against the targets set.

Staffing costs are monitored as a percentage of non capital income. For the year ended 31 August 2017 staffing costs amounted to 75% of non capital income (2016 – 74%).

The Academy Trust also monitors its operating surplus or deficit (excluding restricted fixed assets and actuarial gains and losses) as a percentage of non capital income. For the year ended 31 August 2017 the operating surplus amounted to 1.35% of non capital income (2016 – surplus 1.7%).

Strengths:

- Progress in the sixth form is significantly above national for the first time;
- Average attainment in the sixth form improved for the second year running;
- The numbers of students going to Russell Group universities increased for the third year running;
- Destinations after school are strong with no NEETs recorded last year;
- Fixed term exclusions remain low;
- Recruitment into the school remains strong: for the second year running we have increased our PAN to 210 to accommodate families who made The Ferrers their first choice

Areas for development

- To improve GCSE outcomes & ensure that Progress is in line with national;
- To improve the progress and attainment of disadvantaged students so that the gap between them and non-disadvantaged closes quickly;
- To improve attendance to national levels to ensure that absence does not impact on attainment.

GOING CONCERN

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

THE FERRERS SCHOOL

(A company limited by guarantee)

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

Financial review

Most of the Academy's income is obtained from the DfE in the form of recurrent grants disbursed via the Education Funding Agency (ESFA), the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31st August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31st August 2017, total revenue expenditure of £5,486,435 (2016 - £5,373,848), excluding depreciation, is more than covered by funds brought forward, recurrent grant funding from the DfE together with other incoming resources. The excess income over expenditure for the year (excluding restricted fixed asset funds, and actuarial gains or losses) was £75,037 (2016 - £93,839).

The completion of the replacement of the flat roof to the school project continued through the first half of the academic year with the certificate of completion being issued in January 2017.

During the summer term the conversion of one large classroom into 2 within the design technology area of the school to enable a further dedicated ICT suite with bespoke software to support the design curriculum and to link with the school laser cutter was undertaken.

Throughout the summer break and into September a project to replace all light fittings to new LED lightings was carried out to reduce our carbon footprint and also make annual savings in the region of £24,650 to our energy bills.

RESERVES POLICY

The Academy Trust aims to have three months operating costs in reserves. However at the moment more is being held back due to uncertainty surrounding the level of future funding and anticipation of expenditure on the Academy's campus.

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £192,873. The Academy intends to continue building up free reserves as required.

At 31 August 2017 the total funds comprised:

Unrestricted		192,873
Restricted:	Fixed asset funds	12,393,772
	Pension reserve	(1,402,000)
	Other	277,079
		<u>11,461,724</u>

Included within restricted funds at 31st August 2017 is the Local Government Pension Scheme deficit of £1,402,000 (2016 - £1,833,000). The pension deficit is viewed as a long term debt and annual contributions are adjusted as necessary to mitigate the risk and reduce the deficit.

INVESTMENT POLICY

The Academy Trust invests surplus cash in UK bank deposits to minimise the risk of loss of capital. The Trustees acknowledge that this does not maximise return but believe that security of the Academy's assets is paramount.

THE FERRERS SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

PRINCIPAL RISKS AND UNCERTAINTIES

Through the Academy's risk management procedure it has considered its principle risks and uncertainties and plans mitigating action wherever possible. The principle risks and uncertainties identified by the Board of Trustees are:-

- Change in government funding regime – the Academy receives 98% of its income from government agencies;
- Availability of high calibre staff;
- Not meeting the Academy PAN each year.

Key controls that the Academy has in place to mitigate these risks include:

- Attendance at funding briefings and other functions to understand and influence Government policy;
- Retain quality staff and advance succession planning;
- Working with feeder primaries and parents.

The Academy Trust practices through its Board, namely the Board of Trustees, risk management principles. Any major risks identified are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Board of Trustees accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Board of Trustees collectively, whilst more minor risks are dealt with by senior executive officers.

Plans for future periods

FUTURE DEVELOPMENTS

The Academy Trust has prepared a financial forecast up to 2022 that shows that the Academy is financially viable throughout this period.

The Academy Trust will continue to prioritise improvements in the quality of teach and learning and in students outcomes.

THE FERRERS SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

DISCLOSURE OF INFORMATION TO AUDITOR

Insofar as the Trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 30 November 2017 and signed on its behalf by:



Mr T Hopkins
Chair of Trustees

THE FERRERS SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Ferrers School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

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

Trustee	Meetings attended	Out of a possible
Mr T Hopkins, Chair	6	6
Mr R Gray LLB Law (Honours), Vice Chair	5	6
Mr J S Giles, Headteacher	6	6
Mr J Nicholson FCA	5	6
Mr A Briggs	5	6
Mr A Dougall	5	6
Miss R Jones, Staff Trustee	5	6
Miss I Campbell, Staff Trustee	0	1
Mrs T Clarke	6	6
Mrs C Baldry	1	2
Mr M Kennedy, Staff Trustee	5	5
Mrs V Barnard	3	3
Mr M Foster	2	2
Ms C McCarthy	2	2
Mr M Kay	2	2

Changes to the composition of the Board during the year are detailed on page 1.

All the business of The Ferrers School is conducted at full Board meetings including reviews of educational, operational and financial performance together with future forecasts. Sub-committees predominately comprised of trustees are brought together to deal with specific issues as necessary.

The Trustees were disappointed this year that information presented to them throughout the year did not highlight the subsequent disappointing examination performance in the summer of 2017. As a response to this issue a sub-committee has been formed with the express remit to analyse how this happened and to put in place procedures to minimise the possibility of it reoccurring.

Governance reviews:

In the last year the Board has recruited new parent governors with skills in HR, Ofsted and business improvement. The Trustees intend to re-evaluate the Board's effectiveness in the first term of the next academic year.

THE FERRERS SCHOOL

(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

- Trustees have a strong oversight of financial governance and challenge decisions made on their effectiveness to ensure value for money is achieved. All capital expenditure is reviewed and plans discussed at the Board of Trustees meetings prior to final decision;
- Opportunities for improving income generation are continuously monitored, with our lettings income increasing significantly over the past 12 months;
- Robust internal control systems are in place to ensure value for money is obtained for all procurement. All aspects of procurement are considered before final decisions are approved for the purchase of resources or equipment, including economies of scale;
- Business continuity planning has been undertaken and a risk register is reviewed and updated by the Senior Leadership Team. This securely manages risk to the organisation;
- External auditors were instructed to carry out testing on our systems and processes relating to: bank and petty cash reconciliations, personnel and payroll transactions, purchase orders and invoices;
- A new financial system was implemented on conversion that supports the Academy in ensuring correct accounting procedures are adhered to. All budget holders raise their own orders which are then authorised by the relevant person depending upon the level of spend. Each month budget holders are sent a statement of account to monitor the accuracy of expenditure;
- The Business Manager monitors all balances and discusses with SLT following production of month end data. As an Academy we continually strive for further improvement and review procedures and processes annually;
- The Ferrers has in-house provision for school meals and delivers a healthy varied menu choice for students. Students take part in surveys to identify new initiatives to add to the menu choice and ensure as many students as possible have access to healthy food during the school day. The school has also benefitted from increased take up of school meal provision over the last three years;
- The Academy facilities are used by local scout groups and local junior football teams. Together with a performing arts and music school that use our facilities as their "Hub" for children in the surrounding area;
- The school allocates additional funding to those students supported by the Pupil Premium funding.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

THE FERRERS SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed MHA MacIntyre Hudson, the external auditor, to perform additional checks.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems;
- testing of purchasing and expense systems;
- testing of control account / bank reconciliations;
- testing of income systems;

On an annual basis, the reviewer reports to the Board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The reviewer confirmed to the Trustees that there were no material control issues arising in the year.

THE FERRERS SCHOOL

(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

- the work of the external auditor;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 30 November 2017 and signed on their behalf, by:



Mr T Hopkins
Chair of Trustees



Mrs A Smith
Headteacher & Accounting Officer

THE FERRERS SCHOOL
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Ferrers School I have considered my responsibility to notify the academy trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



Mrs A Smith
Headteacher & Accounting Officer

Date: 30 November 2017

THE FERRERS SCHOOL

(A company limited by guarantee)

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 30 November 2017 and signed on its behalf by:



Mrs Hopkins
Chair of Trustees

THE FERRERS SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE FERRERS SCHOOL

OPINION

We have audited the financial statements of The Ferrers School for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating the Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the Academy'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 Academy'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 Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

THE FERRERS SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE FERRERS SCHOOL

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS 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 Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

THE FERRERS SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE FERRERS SCHOOL

concern basis of accounting unless the Trustees either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.



Elaine Olson-Williams FCCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Peterbridge House
The Lakes
Northampton
NN4 7HB

Date:

19 Dec 2017

THE FERRERS SCHOOL

(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE FERRERS SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 1 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Ferrers School during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Ferrers School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Ferrers School and the ESFA 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 Ferrers School and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of The Ferrers School's funding agreement with the Secretary of State for Education dated 31 July 2013, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

THE FERRERS SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
FERRERS SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

The work undertaken to draw to our conclusion includes:

- Reviewing the minutes of meetings of the Board of Trustees and other evidence made available to us, relevant to our consideration of regularity;
- A review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy;
- Testing a sample of payroll payments to staff. Testing of a sample of payments to suppliers and other third parties;
- Testing a sample of grants received and other income streams;
- Evaluating the internal control procedures and reporting lines, and testing as appropriate;
- Making appropriate enquiries of the Accounting Officer.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



MHA Macintyre Hudson

Chartered Accountants

Peterbridge House
The Lakes
Northampton
NN4 7HB

Date: 19 Dec 2017

THE FERRERS SCHOOL
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted general funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	-	-	16,914	16,914	1,500,799
Charitable activities:						
Funding for the Academy						
Trust's educational operations	3	-	5,084,885	-	5,084,885	5,032,956
Other trading activities	4	410,256	41,552	-	451,808	422,608
Investments	5	6,049	-	-	6,049	8,429
TOTAL INCOME		416,305	5,126,437	16,914	5,559,656	6,964,792
EXPENDITURE ON:						
Raising funds		371,858	41,551	-	413,409	380,771
Charitable activities:						
Academy Trust educational operations		-	5,054,296	340,709	5,395,005	5,222,701
TOTAL EXPENDITURE	6	371,858	5,095,847	340,709	5,808,414	5,603,472
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between funds	15	44,447	30,590	(323,795)	(248,758)	1,361,320
		-	(294,580)	294,580	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		44,447	(263,990)	(29,215)	(248,758)	1,361,320
Actuarial gains/(losses) on defined benefit pension schemes	18	-	547,000	-	547,000	(560,000)
NET MOVEMENT IN FUNDS		44,447	283,010	(29,215)	298,242	801,320
RECONCILIATION OF FUNDS:						
Total funds brought forward		148,426	(1,407,931)	12,422,987	11,163,482	10,362,162
TOTAL FUNDS CARRIED FORWARD		192,873	(1,124,921)	12,393,772	11,461,724	11,163,482


The notes on pages 24 to 46 form part of these financial statements.

THE FERRERS SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 08621334

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	12		12,366,948		11,551,118
CURRENT ASSETS					
Debtors	13	128,394		899,709	
Cash at bank and in hand		813,329		1,769,291	
		<u>941,723</u>		<u>2,669,000</u>	
CREDITORS: amounts falling due within one year	14	<u>(444,947)</u>		<u>(1,223,636)</u>	
NET CURRENT ASSETS			496,776		1,445,364
TOTAL ASSETS LESS CURRENT LIABILITIES			12,863,724		12,996,482
Defined benefit pension scheme liability	18		<u>(1,402,000)</u>		<u>(1,833,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			11,461,724		11,163,482
FUNDS OF THE ACADEMY					
Fixed asset fund:					
Restricted income funds	15	277,079		425,069	
Restricted fixed asset funds	15	<u>12,393,772</u>		<u>12,422,987</u>	
Restricted income funds excluding pension liability		<u>12,670,851</u>		<u>12,848,056</u>	
Pension reserve		<u>(1,402,000)</u>		<u>(1,833,000)</u>	
Total fixed asset fund			11,268,851		11,015,056
Unrestricted income funds	15		<u>192,873</u>		<u>148,426</u>
TOTAL FUNDS			11,461,724		11,163,482

The financial statements on pages 21 to 46 were approved by the Trustees, and authorised for issue, on 30 November 2017 and are signed on their behalf, by:


T Hopkins
Chair of Trustees

The notes on pages 24 to 46 form part of these financial statements.

THE FERRERS SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	20	158,883	185,343
Cash flows from investing activities:			
Dividends, interest and rents from investments		6,049	8,429
Purchase of tangible fixed assets		(1,137,808)	(1,307,394)
Capital grants from DfE/ESFA		16,914	1,497,104
Net cash (used in)/provided by investing activities		(1,114,845)	198,139
Change in cash and cash equivalents in the year		(955,962)	383,482
Cash and cash equivalents brought forward		1,769,291	1,385,809
Cash and cash equivalents carried forward	21	813,329	1,769,291

The notes on pages 24 to 46 form part of these financial statements.

THE FERRERS SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Ferrers School meets the definition of a public benefit entity as defined by FRS 102.

1.2 Going concern

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

THE FERRERS SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

Grants

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

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

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

Donated goods, facilities and services

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

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

Sponsorship income

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where receipt is probable and it is measurable.

Donations

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

Other income

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

THE FERRERS SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

Expenditure on Raising Funds

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

Charitable Activities

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

THE FERRERS SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

Freehold property	-	50 years straight line or estimated useful life if lower
Plant and machinery	-	20 years straight line.
Fixtures and fittings	-	5 years straight line
Computer equipment	-	3 years straight line

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 incorporating Income and Expenditure Account.

1.6 Liabilities

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy 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.

1.7 Provisions

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

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

1.8 Leased assets

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.9 Financial Instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.10 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a Charitable Company for UK corporation tax purposes.

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

1.11 Debtors

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

1.12 Cash at Bank and in hand

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

THE FERRERS SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.13 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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 18, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.14 Fund accounting

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

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

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

THE FERRERS SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Capital Grants	-	-	16,914	16,914	1,497,104
Donations	-	-	-	-	3,695
	-	-	16,914	16,914	1,500,799
<i>Total 2016</i>	3,695	-	1,497,104	1,500,799	

THE FERRERS SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General annual grant (GAG)	-	4,808,976	4,808,976	4,826,302
Other DfE/ESFA grants	-	198,845	198,845	159,955
	-	5,007,821	5,007,821	4,986,257
Other government grants				
Local authority grants	-	77,064	77,064	46,699
	-	77,064	77,064	46,699
	-	5,084,885	5,084,885	5,032,956
Total 2016	-	5,032,956	5,032,956	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Total funds 2017 £	Total funds 2016 £
Trip income	125,526	-	125,526	142,067
Hire of facilities	59,502	-	59,502	33,131
Catering income	216,260	-	216,260	207,028
School production	-	-	-	2,340
Recharges and parental contributions	-	41,552	41,552	33,315
Music services	8,968	-	8,968	4,727
	410,256	41,552	451,808	422,608
Total 2016	389,293	33,315	422,608	

THE FERRERS SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	6,049	-	6,049	8,429
<i>Total 2016</i>	8,429	-	8,429	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on fundraising trading	77,790	-	335,619	413,409	380,771
Academy's educational operations:					
Direct costs	2,964,923	-	360,324	3,325,247	3,282,004
Allocated support costs	1,104,475	685,342	279,941	2,069,758	1,940,697
	4,147,188	685,342	975,884	5,808,414	5,603,472
<i>Total 2016</i>	4,000,552	632,063	970,857	5,603,472	

THE FERRERS SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Educational operations	3,325,247	2,069,758	5,395,005	5,222,701
<i>Total 2016</i>	3,282,004	1,940,697	5,222,701	

Analysis of support costs

	2017 £	2016 £
Support staff costs	1,104,475	1,026,864
Depreciation	321,978	229,623
Technology costs	49,015	80,658
Premises costs	363,364	402,440
Other support costs	212,629	183,047
Governance costs	18,297	18,065
Total support costs	2,069,758	1,940,697

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the Academy Trust	321,979	229,624
Fees payable to auditor for - audit	8,800	8,400
Fees payable to auditor for - other services	8,342	8,460
Operating lease rentals	6,571	6,571

THE FERRERS SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

9. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	3,163,370	3,108,347
Social security costs	298,508	252,469
Operating costs of defined benefit pension schemes	617,283	542,071
	<u>4,079,161</u>	<u>3,902,887</u>
Supply costs	67,855	87,115
Apprenticeship levy	172	-
Staff restructuring costs	-	10,550
	<u>4,147,188</u>	<u>4,000,552</u>

Staff restructuring costs comprise:

Redundancy payments	-	10,550
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The average number of persons employed by the Academy during the year was as follows:

	2017 No.	2016 No.
Teachers	59	57
Administration and support	56	59
Management	7	6
	<u>122</u>	<u>122</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	1	1
In the band £90,001 - £100,000	1	1

The above employees participated in the Teachers Pension Scheme. During the year ended 31 August 2017 employers pension contributions for these staff members amounted to £26,678 (2016: £25,938).

The key management personnel of the Academy Trust comprise the Trustees and Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £614,301 (2016: £496,872).

THE FERRERS SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. TRUSTEES' REMUNERATION AND EXPENSES

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

		2017 £	2016 £
Mr J S Giles (Headteacher and trustee)	Remuneration	95,000-100,000	95,000-100,000
	Pension contributions paid	15,000-20,000	15,000-20,000
Miss R Jones (Staff trustee)	Remuneration	5,000-10,000	40,000-45,000
	Pension contributions paid	0-5,000	5,000-10,000
Miss I Campbell (Staff trustee)	Remuneration	5,000-10,000	20,000-25,000
	Pension contributions paid	0-5,000	5,000-10,000
Mr M Kennedy (Staff trustee)	Remuneration	25,000-30,000	N/A
	Pension contributions paid	0-5,000	N/A

During the year ended 31 August 2017, 2 Trustees received reimbursement of expenses totalling £170 (2016 - £216 to 2 Trustees).

11. TRUSTEES' AND OFFICERS' INSURANCE

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme (2016: the insurance provided cover up to £5,000,000 on any one claim, at a cost of £1,755).

THE FERRERS SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

12. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Computer equipment £	Total £
Cost				
At 1 September 2016	11,964,754	137,741	75,945	12,178,440
Additions	992,366	99,288	46,155	1,137,809
At 31 August 2017	12,957,120	237,029	122,100	13,316,249
Depreciation				
At 1 September 2016	559,102	22,827	45,393	627,322
Charge for the year	275,349	23,636	22,994	321,979
At 31 August 2017	834,451	46,463	68,387	949,301
Net book value				
At 31 August 2017	12,122,669	190,566	53,713	12,366,948
At 31 August 2016	11,405,652	114,914	30,552	11,551,118

13. DEBTORS

	2017 £	2016 £
Trade debtors	7,654	14,069
VAT recoverable	51,454	184,730
Prepayments and accrued income	69,286	700,910
	128,394	899,709

THE FERRERS SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

14. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	185,013	821,218
Other taxation and social security	68,201	73,087
Pension creditor	64,887	66,401
Other creditors	-	4,818
Accruals and deferred income	126,846	258,112
	<u>444,947</u>	<u>1,223,636</u>

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	71,555	64,943
Resources deferred during the year	49,165	71,555
Amounts released from previous period	(71,555)	(64,943)
Deferred income at 31 August 2017	<u>49,165</u>	<u>71,555</u>

At the balance sheet date the Academy Trust was holding funds received in advance for trips booked for the autumn term 2017 and grant monies relating to 2017/18.

THE FERRERS SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

15. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds	148,426	416,305	(371,858)	-	-	192,873
Restricted funds						
General annual grant (GAG)	8,236	4,808,976	(4,521,636)	(294,580)	-	996
Local authority grants	24,012	76,997	(89,075)	-	-	11,934
Other DfE/ESFA grants	44,880	39,314	(41,317)	-	-	42,877
Miscellaneous restricted	10,965	41,619	(41,551)	-	-	11,033
Pupil premium	9,319	159,531	(133,585)	-	-	35,265
Transfer from LA	327,657	-	(152,683)	-	-	174,974
Pension reserve	(1,833,000)	-	(116,000)	-	547,000	(1,402,000)
	(1,407,931)	5,126,437	(5,095,847)	(294,580)	547,000	(1,124,921)
Restricted fixed asset funds						
Capital expenditure - non GAG	321,175	-	(53,482)	-	-	267,693
Transfer from LA	9,814,233	-	150,463	-	-	9,964,696
DfE capital grants - spent	638,054	-	(56,745)	843,229	-	1,424,538
Capital expenditure - from GAG	777,659	-	(362,214)	294,576	-	710,021
DfE capital grants - unspent	871,866	16,914	(18,731)	(843,225)	-	26,824
	12,422,987	16,914	(340,709)	294,580	-	12,393,772
Total restricted funds	11,015,056	5,143,351	(5,436,556)	-	547,000	11,268,851
Total of funds	11,163,482	5,559,656	(5,808,414)	-	547,000	11,461,724

THE FERRERS SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

15. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
General Funds	104,439	401,417	(357,430)	-	-	148,426
	<u>104,439</u>	<u>401,417</u>	<u>(357,430)</u>	<u>-</u>	<u>-</u>	<u>148,426</u>
Restricted funds						
General annual grant (GAG)	242,250	4,826,302	(4,378,160)	(682,156)	-	8,236
Local authority grants	-	46,699	(22,687)	-	-	24,012
Other DfE/ESFA grants	44,880	17,125	(17,125)	-	-	44,880
Miscellaneous restricted	991	33,315	(23,341)	-	-	10,965
Pupil premium	28,396	142,830	(161,907)	-	-	9,319
Transfer from LA	679,856	-	(352,199)	-	-	327,657
Pension reserve	(1,212,000)	-	(61,000)	-	(560,000)	(1,833,000)
	<u>(215,627)</u>	<u>5,066,271</u>	<u>(5,016,419)</u>	<u>(682,156)</u>	<u>(560,000)</u>	<u>(1,407,931)</u>
Restricted fixed asset funds						
Capital expenditure - non GAG	365,031	-	(43,856)	-	-	321,175
Transfer from LA	9,984,757	-	(170,524)	-	-	9,814,233
DfE capital grants	28,476	1,497,104	(3,243)	(12,417)	-	1,509,920
Capital expenditure - from GAG	95,086	-	(12,000)	694,573	-	777,659
	<u>10,473,350</u>	<u>1,497,104</u>	<u>(229,623)</u>	<u>682,156</u>	<u>-</u>	<u>12,422,987</u>
Total restricted funds	<u>10,257,723</u>	<u>6,563,375</u>	<u>(5,246,042)</u>	<u>-</u>	<u>(560,000)</u>	<u>11,015,056</u>
Total of funds	<u>10,362,162</u>	<u>6,964,792</u>	<u>(5,603,472)</u>	<u>-</u>	<u>(560,000)</u>	<u>11,163,482</u>

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

Restricted general funds will be used for educational purposes in line with the Academy Trust's objects and funding agreement with the ESFA.

Restricted fixed asset funds amounting to £12,366,948 will be reserved against future depreciation charges and the remainder of £26,824 relates to unspent capital grants which will be used to enhance the

THE FERRERS SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

15. STATEMENT OF FUNDS (continued)

Academy's facilities.

The transfer between the restricted General Annual Grant fund and restricted fixed asset funds represents amounts capitalised during the year.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	12,366,948	12,366,948
Current assets	192,873	722,026	26,824	941,723
Creditors due within one year	-	(444,947)	-	(444,947)
Pension scheme liability	-	(1,402,000)	-	(1,402,000)
	<u>192,873</u>	<u>(1,124,921)</u>	<u>12,393,772</u>	<u>11,461,724</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted general funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	11,551,119	11,551,119
Current assets	148,426	1,648,706	871,868	2,669,000
Creditors due within one year	-	(1,223,637)	-	(1,223,637)
Provisions for liabilities and charges	-	(1,833,000)	-	(1,833,000)
	<u>148,426</u>	<u>(1,407,931)</u>	<u>12,422,987</u>	<u>11,163,482</u>

17. CAPITAL COMMITMENTS

At 31 August 2017 the Academy had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	<u>35,000</u>	<u>953,099</u>

THE FERRERS SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

18. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Northamptonshire County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £64,887 were payable to the schemes at 31 August 2017 (2016 - 66,401) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review 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 on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay;

THE FERRERS SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

18. PENSION COMMITMENTS (continued)

- actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

The employer's pension costs paid to TPS in the period amounted to £356,386 (2016 - £357,879).

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx

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

Scheme Changes

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012.

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

THE FERRERS SCHOOL**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

18. PENSION COMMITMENTS (continued)**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £224,000 (2016 - £211,000), of which employer's contributions totalled £180,000 (2016 - £169,000) and employees' contributions totalled £44,000 (2016 - £42,000). The agreed contribution rates for future years are 22.8% for employers and between 5.5% and 12.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Expected return on scheme assets at 31 August	2.50 %	2.10 %
Rate of increase in salaries	2.70 %	4.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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

	2017	2016
Retiring today		
Males	22.1	22.3
Females	24.2	24.3
Retiring in 20 years		
Males	23.9	24.0
Females	26.1	26.6

	At 31 August 2017 £	At 31 August 2016 £
Sensitivity analysis		
0.5% decrease in Real Discount Rate	421,000	393,000
0.5% increase in the Salary Increase Rate	91,000	121,000
0.5% increase in the Pension Increase Rate	322,000	259,000

THE FERRERS SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

18. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,284,000	981,000
Corporate bonds	278,000	263,000
Property	122,000	111,000
Cash and other liquid assets	52,000	28,000
Total market value of assets	<u>1,736,000</u>	<u>1,383,000</u>

The actual return on scheme assets was £146,000 (2016 - £279,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2017 £	2016 £
Past service cost	(11,423)	-
Interest income	31,000	40,000
Interest cost	(70,000)	(87,000)
Current service cost	(257,000)	(183,000)
Total	<u>(307,423)</u>	<u>(230,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	3,216,000	2,170,000
Interest cost	70,000	87,000
Employee contributions	44,000	42,000
Actuarial (gains)/losses	(432,000)	734,000
Benefits paid	(17,000)	-
Current service cost	257,000	183,000
Closing defined benefit obligation	<u>3,138,000</u>	<u>3,216,000</u>

THE FERRERS SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

18. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening fair value of scheme assets	1,383,000	958,000
Interest income	31,000	40,000
Actuarial gains	115,000	174,000
Employer contributions	180,000	169,000
Employee contributions	44,000	42,000
Benefits paid	(17,000)	-
Closing fair value of scheme assets	1,736,000	1,383,000

19. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	3,584	8,859
Between 1 and 5 years	3,050	1,144
Total	6,634	10,003

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

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(248,758)	1,361,320
Adjustment for:		
Depreciation charges	321,979	229,624
Dividends, interest and rents from investments	(6,049)	(8,429)
Decrease/(increase) in debtors	770,969	(762,440)
(Decrease)/increase in creditors	(778,344)	801,372
Capital grants from DfE and other capital income	(16,914)	(1,497,104)
Defined benefit pension scheme cost less contributions payable	77,000	14,000
Defined benefit pension scheme finance cost	39,000	47,000
Net cash provided by operating activities	158,883	185,343

THE FERRERS SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017	2016
	£	£
Cash in hand	813,329	1,769,291
Total	813,329	1,769,291

22. MEMBERS' LIABILITY

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £ 10 for the debts and liabilities contracted before he/she ceases to be a member.

23. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a 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.

No related party transactions took place during the period.