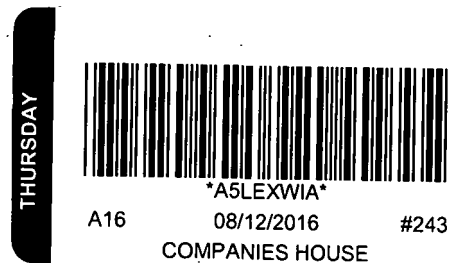


Spring Cottage Academy

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2016



Forrester Boyd Robson Limited
Kingfisher Court
Plaxton Bridge Road
Woodmansey
Beverley
East Yorkshire
HU17 0RT

 **Forrester Boyd Robson**
Chartered Accountants



Praxity
ASSOCIATE
GLOBAL ALLIANCE OF
INDEPENDENT FIRMS



Contents

Reference and Administrative Details	1
Trustees' Report	2 to 8
Governance Statement	9 to 11
Statement on Regularity, Propriety and Compliance	12
Statement of Trustees' Responsibilities	13
Independent Auditor's Report on the Financial Statements	14 to 15
Independent Reporting Accountant's Report on Regularity	16 to 17
Statement of Financial Activities incorporating Income and Expenditure Account	18 to 19
Balance Sheet	20
Statement of Cash Flows	21
Notes to the Financial Statements	22 to 37



Reference and Administrative Details

Members
T Dunn
P Greef
K Shaw

Governors and Trustees (Directors)
T Dunn, (Chair) (i)
P Greef, (i)
K Shaw
J Harrison, (i)
E Jenkins
R Purr
A Rhodes, (i)
G Troake
C Jennings, (i)

(i) member of the Finance and General Purpose Committee

Senior Management Team
A Rhodes, Head Teacher
H Chamberlain, Deputy Head Teacher
S Whiteley, School Business Manager
T Hyde, Assistant Head Teacher
S Sellers, Assistant Head Teacher (resigned 31 August 2016)
G Troake, KS2 Phase Leader
R Leigh, Foundation Stage Leader

Principal and Registered Office
Dressay Grove
Hull
East Yorkshire
HU8 9JH

Head Teacher A Rhodes

Company Registration Number 08683500

Auditors
Forrester Boyd Robson Limited
Kingfisher Court
Plaxton Bridge Road
Woodmansey
Beverley
East Yorkshire
HU17 0RT

Bankers
Lloyds Bank Plc
1-7 Geroge Street
Hull
HU1 3BB

Solicitors
Wrigleys Solicitors LLP
19 Cookridge Street
Leeds
LS2 3AG



Trustees' Report for the Year Ended 31 August 2016

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company was incorporated on 10 September 2013. The company registration number is 08683500.

The governors act as the trustees for the charitable activities of Spring Cottage Academy and are also the directors of the charitable company for the purposes of company law.

Details of the trustees who served throughout the year except as noted 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 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.

Trustees' indemnities

The Academy through its Articles has indemnified its Governors to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Governors. The insurance provides cover up to £2,000,000 on any one claim.

Method of recruitment and appointment or election of Trustees

The company's Memorandum and Articles of Association are the primary governing documents of the Academy. The number of Governors shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

The members may appoint up to 16 Governors and must have a minimum of 2 Parent Governors.

The members may appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Headteacher) who are employees of the Academy does not exceed one third of the total number of Governors.

The Headteacher shall be treated for all purposes as being an ex officio Governor.

The Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of pupils at the Academy at the time when he/she is elected.

The Secretary of State may also appoint additional Governors if he feels it appropriate and ultimately has the power to in effect take over the Governance of the Academy. The Secretary of State has not appointed any additional Governors.

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new Trustees will be given a tour of the Academy and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees.

As there are normally only one or two new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.



Trustees' Report for the Year Ended 31 August 2016 (continued)

Organisational structure

The Academy structure now consists of two levels: the Trustees and the Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, and senior staff appointments.

The Senior Leadership Team members are the Headteacher, Deputy Headteacher, Assistant Headteachers, School Business Manager, Foundation Stage Leader and KS2 Phase Leader. These managers lead 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. The Headteacher, Deputy Headteacher, School Business Manager sign all purchase orders within the Academy.

Arrangements for setting pay and remuneration of key management personnel

The arrangements for setting the pay and remuneration of the academy's key management personnel are that it is the governing body's role.

In relation to leadership pay and considering the schools pay policy they;

- consider annually whether or not to increase the salary of members of the leadership group
- set the appropriate levels of pay for the different roles
- consider and adopt pay and appraisal policies, including the criteria for pay progression
- assure themselves that appropriate arrangements for linking appraisal to pay are in place and can be applied consistently, and that pay decisions can be objectively justified
- approve salaries and the award of performance pay in line with the school's pay policy
- identify and consider budgetary implications of pay decisions and consider these in the school's spending plan.

Headteachers, deputy headteachers and assistant headteachers will be paid on a leadership pay range, which is between £38,984 and £108,283 per year.

Connected organisations, including related party relationships

Spring Cottage Primary School is an individual convertor Academy which is a member of the ICA.

Governors are drawn from the local community and from time to time it is possible that the Academy will enter into transactions with organisations in which a Trustee or Governor has an interest. All such transactions are reflected in the Trusts' Register of Business Interests. These are duly considered by the Governing Body on a regular basis to ensure all such transactions are in line with the Academies Handbook requirements.

Objectives and activities

Objectives and aims

The principal object and activity of the charitable company is the operation of Spring Cottage Primary School, Hull, and to provide education for students of different abilities between the ages of 3 and 11.

We endeavor to provide an enjoyable, enriched educational experience, relevant and meaningful for every child:

- To create a caring environment in which each child feels happy, secure and motivated to learn.
- To identify value and positively foster his/her individual talents.
- To offer pupils a curriculum which is coordinated, differentiated and challenging.
- To encourage independence of mind and a questioning spirit.
- To promote an awareness of moral values, service, friendship and the communal responsibility of all.

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the National Curriculum.



Trustees' Report for the Year Ended 31 August 2016 (continued)

Objectives, strategies and activities

The main objectives of the Academy during the period ended 31 August 2016 are summarised below:

Key Priorities:

- To develop a 'mastery' approach to Mathematics by improving teaching and learning to ensure fluency, reasoning and the ability to solve problems is embedded in all year groups.
- To accelerate progress and raise attainment in reading across the school.
- Develop a whole school ethos of collaboration, challenge and support to accelerate progress and attainment across the wider curriculum by developing senior, middle and subject leaders.

Secondary Priorities:

- Extend the confidence and capacity of all staff in the teaching of science and ensure teachers feel confident to deliver the revised curriculum.
- To ensure Governors are holding all leaders to account with regards to subject leadership, particularly with regard to disadvantaged pupils.
- To further improve children's conduct, manners and behaviour outside of lessons.
- To ensure high levels of spoken language incorporated into lessons across the curriculum, resulting in further raised standards of speaking and listening as well as developing language for thought.
- To review and improve the ICT infrastructure at SCPS.

Public benefit

The Academy provides educational services to all children in the local area. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

The primary purpose of Spring Cottage Primary School, Hull is the advancement of education within Hull. To this end, it now runs as an Academy aspiring towards the highest possible standards for approximately 490 students aged 3-11. The Academy will become a natural progression to our local Secondary Academy for the majority of students and will contribute to the community ethos. The Academy continues to be full in the majority of classes.

Inextricably linked with this purpose is the aim of contributing to the public good. Through the provision of educational activities and extracurricular activities, the Academy aims to contribute considerable benefit to the local community.

The Academy involves the community in the following activities:

- Community Nursery.
- Family learning opportunities.
- Exercise classes including Zumba.
- A range of After School Clubs, including dance, rugby and football

The Academy has given a high priority to providing public benefit to a cross section of the community, but perhaps the greatest benefit that the Academy can offer is the provision of an education that maximises each student's potential to develop principled, informed, open minded and confident citizens who respect the beliefs of others and who are determined to make a positive contribution to society.

The aforementioned objectives, activities, achievements and performance further serve to emphasise the benefit the Academy brings to the public.

The Trustees have considered the impact of the public benefit requirement including the guidance issued by the Charity Commission.



Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Key performance indicators

The Academy has maintained its Outstanding Ofsted rating, though it was last inspected in 2008.

Achievements and performance

EYFS

- 73% of pupils achieved a good level of development (GLD), this is above national average (69% in 2016)
- Attainment and progress at the end of EYFS is at least good considering the pupils starting points.
- The majority of pupils enter FS2 with skills that are broadly average; this majority is lower in the prime areas of Communication and Language and Mathematics.

KS1

- At the end of KS1 pupil results were at or above national. At the end of EYFS this cohort of pupils were in line with national for GLD.
- In Reading 75% of pupil achieved the new expected standard (against 74% nationally). 30% of pupil reached greater depth against 24% nationally.
- In Writing 72% achieved the expected standard against 65% nationally. 10% of pupils achieved greater depth against 13% nationally.
- In Mathematics 77% of pupils achieved the expected against 73% nationally. 21% of pupils achieved greater depth against 18% nationally.
- 85% of Y1 pupils achieved the expected standard, which has improved 16% from 2015. This is above the national average.

KS2

- 54% of pupil achieved the new expected standard in Reading, Writing and Maths. This was in line with national (53%).
- Results in Writing and GPS were above national. The % of pupils achieving the expected standard in GPS increased by 16% from 2015 (69% to 85%).
- Reading results were below national. This was both in terms of progress and achievement. 61% of pupils achieved the expected standard against 66% nationally. Reading has been identified as a main priority on the School Improvement Plan (SIP) in 2016/17.
- Mathematics results were in line with national with 71% of pupils reaching the new expected standard against 70% nationally. Mathematics has also been identified as an improvement priority of the SIP.

Going concern

After making appropriate enquiries, the Governing Body 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.



Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Financial review

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

During the period ended 31 August 16 total expenditure of £2,101,996 was not covered by the recurrent grant funding from the DfE together with other incoming resources of £2,030,333. The excess of expenditure over income for the period was £71,963. If depreciation and FRS 102 pension adjustments were excluded the deficit would be £20,243.

At 31 August 2016 the net book value of fixed assets was £6,219,866 and movements in tangible fixed assets are shown in note 11 to the financial statements.

The Academy's associate staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy balance sheet shows a net liability of £735,000.

Reserves policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees consider that the value of three months' worth of the schools monthly salary costs will be sufficient to cover the day to day working capital of the School and timing of expenses payable.

A breakdown of the funds at 31 August 2016 is as follows:-

	£
Unrestricted general fund	16,199
Restricted fixed asset fund	6,219,866
Restricted pension fund	(735,000)
Total funds	<u>5,501,065</u>

Investment policy

The Trustees agree all investments made by the Academy. The Academy does not currently hold any investments outside its current account. Future investments are likely to be restricted to deposit and money market accounts in all UK banks. The Academy will seek to hold adequate cash reserves for the day to day running of the School in line with the reserves policy.

Principal risks and uncertainties

The principal risk and uncertainties are centered around changes in the level of funding from the DfE/EFA. In addition, the Academy is a member of the Local Government Pension (LGPS), which may result in significant movements each year.



Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Risk management

The Trustees have assessed and implemented a number of systems to assess and mitigate risks that the school faces, especially in the operational areas e.g. in relation to teaching, health and safety, bullying and school trips and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement. Key risks have been identified below:

Key Risks Identified:

- Strategic Risk: School receives unfavorable Ofsted report. The School has sought to mitigate this risk by appointing highly qualified individuals investing heavily in resources and experienced SLT. Previous experience and knowledge suggests that the school has an excellent reputation and has dealt with this risk successfully in the past.
- Strategic Risk: Insufficient demand for schools services leaves it unsustainable. Given the schools current Ofsted rating the results of its pupils and current birth rates, the risk would seem minimal. The School will strive for continual improvement to ensure results of its pupils to be above average.
- Public Profile Risk: Failure to comply with Health and Safety legislation results in an employee/volunteer/beneficiary of the charity being injured at work, attracting bad publicity. The school has appointed an independent Health and Safety representative to look after and monitor the schools Health and Safety policies. The Head, SBM and Site Manager all have responsibility and have received health and safety training. All staff have been provided with booklets and training to increase awareness in health and safety matters. Insurance has also been purchased to help cover the cost of any potential incident.
- Governing Body Organisation Risk: Governors delegate too little/too much to the Headteacher and SBM. The governing body has a wide range of experience and skills and they take a great deal of interest in the schools activity. Going forward if the composition of the governing body were to change significantly the school would look to work with the governors to find a compromise.

Plans for future periods

The Academy will continue striving to improve the levels of performance of its students at all levels by ensuring that the main objectives are achieved.

Plans for 2016/17 include being a lead school in the formation of a MAT (Horizon Academy Trust) with 2 other excellent schools in the neighbourhood.



Trustees' Report for the Year Ended 31 August 2016 (continued)

Auditor

In so far as the Trustees are aware:

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

Trustees' Report, incorporating a Strategic Report, approved by order of the members of the Governing Body on 30 November 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'T Dunn', written over a dotted line.

T Dunn
Governor and trustee



Governance Statement

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Governing Body has formally met 6 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
T Dunn	5	6
P Greef	4	6
J Harrison	5	6
E Jenkins	5	6
C Jennings	3	6
R Purr	6	6
A Rhodes	6	6
K Shaw	5	6
G Troake	6	6

The Finance and General Purposes Committee is a sub-committee of the main Governing Body. Its purpose is to monitor closely the financial performance of the Academy and to review all policies and practices relating to these areas.

The committee also assesses internal audit and external audit reports and reports to the governing body. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
T Dunn	3	4
P Greef	4	4
J Harrison	3	3
C Jennings	3	4
A Rhodes	3	3



Governance Statement (continued)

Review of value for money

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

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

- Ensuring rigorous tracking of pupil attainment and that resources have been deployed appropriately.
- Undertaken a large investment in ICT to enhance curriculum delivery and further engage pupils.
- Continued with robust financial procedures to ensure that cost savings can and have been made where appropriate.
- Evaluation of new resources to determine whether desired impact has been realised, and also whether the learning experience of pupils has been enhanced as a result.
- Continue to research and collaborate with other establishments regarding resources/practices to share good practice within the ICA group, and ensure best value is achieved.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Spring Cottage Academy for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The risk and control framework

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

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

The Governing Body has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the Trustees have appointed Claire Purdue of Christopher Pickering Primary school, a part qualified accountant to perform additional checks as a 'Peer Reviewer'.



Governance Statement (continued)

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

- testing of fixed asset controls
- testing of high level controls

On a regular basis, the reviewer reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

There were no material control or other issues reported by the peer reviewer to date.

Review of effectiveness

As Accounting Officer, A Rhodes 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 peer reviewer;
- the financial management and governance self assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Governing Body on 30 November 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'T Dunn', written over a dotted line.

T Dunn
Governor and trustee

A handwritten signature in black ink, appearing to read 'A.M. Rhodes', written over a dotted line.

A Rhodes
Accounting officer
Head Teacher



Statement on Regularity, Propriety and Compliance

As Accounting Officer of Spring Cottage Academy I have considered my responsibility to notify the Academy Trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the Academy Trust Governing Body are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2015.

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

A handwritten signature in black ink, appearing to read 'A. M. Rhodes', written over a dotted line.

A Rhodes
Accounting officer

30 November 2016



Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Annual Accounts Direction 2015 to 2016 issued by the Education Funding Agency;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board on 30 November 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'T. Dunn', written over a horizontal dotted line.

T Dunn
Governor and trustee



Independent Auditor's Report on the Financial Statements to the Members of Spring Cottage Academy

We have audited the financial statements of Spring Cottage Academy for the year ended 31 August 2016, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Accounts Direction 2015 to 2016 as issued by the Education Funding Agency.

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

Respective responsibilities of governors and auditors

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 13), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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

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



Independent Auditor's Report on the Financial Statements to the Members of Spring Cottage Academy (continued)

Forrester Boyd Robson Limited

Michael Beckett BA FCA (Senior Statutory Auditor)
For and on behalf of Forrester Boyd Robson Limited, Statutory Auditor

Kingfisher Court
Plaxton Bridge Road
Woodmansey
Beverley
East Yorkshire
HU17 0RT

Date: *1/12/2016*



Independent Reporting Accountant's Report on Regularity to Spring Cottage Academy and the Education Funding Agency

In accordance with the terms of our engagement letter dated 6 September 2016 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 Spring Cottage Academy during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Governing Body and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the Governing Body 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 Governing Body and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated 30 January 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 year from 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Annual Accounts Direction 2015 to 2016 issued by the Education Funding Agency issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Evaluating the systems and control environment;
- Assessing the risk of irregularity, impropriety and non-compliance;
- Confirming that the activities of the Academy trust are in keeping with the Academy's framework and the charitable objectives;
- Obtaining representations from the Accounting Officer and Key Management personnel.

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



**Independent Reporting Accountant's Report on Regularity to Spring Cottage Academy and the
Education Funding Agency (continued)**

Forrester Boyd Robson Limited

Michael Beckett BA FCA

For and on behalf of Forrester Boyd Robson Limited, Chartered Accountants

Kingfisher Court
Plaxton Bridge Road
Woodmansey
Beverley
East Yorkshire
HU17 0RT

Date: *1/12/2016*



Statement of Financial Activities for the Year Ended 31 August 2016
(including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £
Income and endowments from:					
Donations and capital grants	2	22,241	-	9,172	31,413
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	5	-	1,834,729	-	1,834,729
Other trading activities	3	163,897	-	-	163,897
Investments	4	294	-	-	294
Total		186,432	1,834,729	9,172	2,030,333
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	19,995	2,020,280	61,721	2,101,996
Net income/(expenditure)		166,437	(185,551)	(52,549)	(71,663)
Transfers between funds		(219,537)	195,551	23,986	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	22	-	(164,000)	-	(164,000)
Net movement in deficit		(53,100)	(154,000)	(28,563)	(235,663)
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2015		69,299	(581,000)	6,248,429	5,736,728
Total funds/(deficit) carried forward at 31 August 2016		16,199	(735,000)	6,219,866	5,501,065



Statement of Financial Activities for the Year Ended 31 August 2015
(including Income and Expenditure Account)

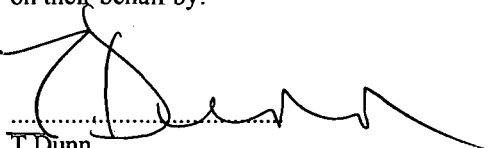
	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2015 £
Income and endowments from:					
Donations and capital grants	2	15,959	-	224,156	240,115
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	5	-	1,791,492	-	1,791,492
Other trading activities	3	175,331	-	-	175,331
Investments	4	453	-	-	453
Total		191,743	1,791,492	224,156	2,207,391
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	66,156	1,846,367	53,499	1,966,022
Net income/(expenditure)		125,587	(54,875)	170,657	241,369
Transfers between funds		(90,692)	63,875	26,817	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	22	-	(21,000)	-	(21,000)
Net movement in funds/(deficit)		34,895	(12,000)	197,474	220,369
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2014		34,404	(569,000)	6,050,955	5,516,359
Total funds/(deficit) carried forward at 31 August 2015		69,299	(581,000)	6,248,429	5,736,728



(Registration number: 08683500)
Balance Sheet as at 31 August 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	11	6,219,866	6,248,429
Current assets			
Debtors	12	58,044	105,253
Cash at bank and in hand		<u>292,702</u>	<u>335,113</u>
		350,746	440,366
Creditors: Amounts falling due within one year	13	<u>(334,547)</u>	<u>(371,067)</u>
Net current assets		<u>16,199</u>	<u>69,299</u>
Total assets less current liabilities		<u>6,236,065</u>	<u>6,317,728</u>
Net assets excluding pension liability		6,236,065	6,317,728
Pension scheme liability	22	<u>(735,000)</u>	<u>(581,000)</u>
Net assets including pension liability		<u>5,501,065</u>	<u>5,736,728</u>
Funds of the Academy:			
Restricted funds			
Restricted fixed asset fund		6,219,866	6,248,429
Restricted pension fund		<u>(735,000)</u>	<u>(581,000)</u>
		5,484,866	5,667,429
Unrestricted funds			
Unrestricted general fund		<u>16,199</u>	<u>69,299</u>
Total funds		<u>5,501,065</u>	<u>5,736,728</u>

The financial statements on pages 18 to 37 were approved by the Trustees, and authorised for issue on 30/11/16 and signed on their behalf by:


 T Dunn
 Governor and trustee



Statement of Cash Flows for the Year Ended 31 August 2016

	Note	2016 £	2015 £
Net cash (outflow)/inflow from operating activities	17	(18,720)	123,444
Returns on investments and servicing of finance		294	453
Capital expenditure and financial investment	18	<u>(23,985)</u>	<u>(26,817)</u>
(Decrease)/increase in cash in the year	19	<u><u>(42,411)</u></u>	<u><u>97,080</u></u>



Notes to the Financial Statements for the Year Ended 31 August 2016

1 Accounting policies

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 have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the United Kingdom (FRS 102), the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Annual Accounts Direction 2015 to 2016 issued by the Education Funding Agency and the Companies Act 2006.

Spring Cottage Academy meets the definition of a public benefit entity under FRS 102. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going concern

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

Income

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

Grants

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

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

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

Sponsorship income

Sponsorship income provided to the Academy Trust 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 Academy Trust has provided the goods or services.



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

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.

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.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Tangible fixed assets

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 Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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.

Asset class

Leasehold Land & Buildings

Depreciation method and rate

Over the residual period of the lease (125 years)



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

ICT Equipment	Straight line over 3 years
Furniture & Equipment	Straight line over 5 years
Improvements to Leasehold Land & Buildings	Straight line over 25 years

Liabilities

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

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.

Leased assets

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

Taxation

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

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

Pension benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Fund accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The Academy Trust makes 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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31/08/2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

	Unrestricted funds £	Restricted fixed asset funds £	Total 2016 £	Total 2015 £
Educational trips and visits	15,263	-	15,263	13,497
Capital grants	-	9,172	9,172	224,156
Other donations	6,978	-	6,978	2,462
	<u>22,241</u>	<u>9,172</u>	<u>31,413</u>	<u>240,115</u>



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

3 Other trading activities

	Unrestricted funds £	Total 2016 £	Total 2015 £
Recharges and reimbursements	22,512	22,512	36,503
Breakfast club income	5,185	5,185	2,590
Lettings income	1,690	1,690	6,564
Music income	3,611	3,611	3,723
Nursery supervision	3,062	3,062	2,690
School uniform income	3,366	3,366	4,222
Educational activities income	10,187	10,187	12,822
After school club income	14,482	14,482	5,330
General income	39,258	39,258	28,424
ICA Partnership income	9,675	9,675	12,500
Tidal School income	42,200	42,200	59,963
Meals income	8,669	8,669	-
	<u>163,897</u>	<u>163,897</u>	<u>175,331</u>

4 Investment income

	Unrestricted funds £	Total 2016 £	Total 2015 £
Interest received	<u>294</u>	<u>294</u>	<u>453</u>

5 Funding for the Academy Trust's educational operations

	Restricted funds £	Total 2016 £	Total 2015 £
DfE/EFA revenue grants			
General Annual Grant	1,474,819	1,474,819	1,474,664
Pupil Premium	92,107	92,107	98,559
Other grants	43,626	43,626	33,468
UIFSM	<u>68,629</u>	<u>68,629</u>	<u>66,206</u>
	<u>1,679,181</u>	<u>1,679,181</u>	<u>1,672,897</u>
Other government grants			
SEN & Early years funding	155,548	155,548	111,885
Troops to Teachers	<u>-</u>	<u>-</u>	<u>6,710</u>
	<u>155,548</u>	<u>155,548</u>	<u>118,595</u>
Total grants	<u>1,834,729</u>	<u>1,834,729</u>	<u>1,791,492</u>



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

6 Expenditure

	Non Pay Expenditure			Total 2016	Total 2015
	Staff costs £	Premises £	Other costs £	£	£
Academy's educational operations					
Direct costs	1,337,354	-	120,815	1,458,169	1,324,827
Allocated support costs	198,769	192,926	252,132	643,827	641,195
	<u>1,536,123</u>	<u>192,926</u>	<u>372,947</u>	<u>2,101,996</u>	<u>1,966,022</u>

Net income/(expenditure) for the year includes:

	2016 £	2015 £
Operating leases - other leases	4,638	1,280
Fees payable to auditor - audit	4,620	4,620
- other audit services	1,273	2,130
Depreciation	<u>61,720</u>	<u>53,499</u>

7 Charitable activities

	Total 2016 £	Total 2015 £
Direct costs - educational operations	1,458,169	1,324,827
Support costs - educational operations	<u>643,827</u>	<u>641,195</u>
	<u>2,101,996</u>	<u>1,966,022</u>

	Educational operations £	Total 2016 £	Total 2015 £
Analysis of support costs			
Support staff costs	198,769	198,769	231,511
Depreciation	61,721	61,721	53,499
Technology costs	20,092	20,092	12,997
Premises costs	131,205	131,205	131,756
Other support costs	<u>232,040</u>	<u>232,040</u>	<u>211,432</u>
Total support costs	<u>643,827</u>	<u>643,827</u>	<u>641,195</u>



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

8 Staff

Staff costs

	2016 £	2015 £
Staff costs during the year were:		
Wages and salaries	1,191,625	1,152,747
Social security costs	54,405	69,880
Pension costs	248,847	198,600
	<u>1,494,877</u>	<u>1,421,227</u>
Supply teacher costs	41,246	31,677
	<u>1,536,123</u>	<u>1,452,904</u>

Staff numbers

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

	2016 No	2015 No
Charitable Activities		
Teachers	16	18
Administration and support	44	47
Management	7	7
	<u>67</u>	<u>72</u>

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2016 No	2015 No
£70,001 - £80,000	<u>1</u>	<u>1</u>

Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £404,321 (2015: £378,746).



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

9 Related party transactions - trustees' remuneration and expenses

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

A Rhodes (Head Teacher):

Remuneration: £75,000 - £80,000 (2015 - £70,000 - £75,000)

Employer's pension contributions: £10,000 - £15,000 (2015 - £10,000 - £15,000)

G Troake (Teacher):

Remuneration: £35,000 - £40,000 (2015 - £35,000 - £40,000)

Employer's pension contributions: £5,000 - £10,000 (2015 - £5,000 - £10,000)

During the year ended 31 August 2016, travel and subsistence expenses totalling £303 (2015 - £Nil) were reimbursed or paid directly to 2 trustees (2015 - 0).

Other related party transactions involving the trustees are set out in note 23.

10 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £864 (2015 - £864).

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

11 Tangible fixed assets

	Leasehold land and buildings £	Leasehold land and buildings improvements £	Furniture and equipment £	Computer equipment £	Total £
Cost					
At 1 September 2015	6,041,713	250,973	8,244	1,988	6,302,918
Additions	-	20,914	-	12,243	33,157
At 31 August 2016	6,041,713	271,887	8,244	14,231	6,336,075
Depreciation					
At 1 September 2015	48,334	2,860	2,311	984	54,489
Charge for the year	48,334	10,236	1,649	1,501	61,720
At 31 August 2016	96,668	13,096	3,960	2,485	116,209
Net book value					
At 31 August 2016	5,945,045	258,791	4,284	11,746	6,219,866
At 31 August 2015	5,993,379	248,113	5,933	1,004	6,248,429



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

12 Debtors

	2016 £	2015 £
Trade debtors	1,570	19,969
Prepayments	12,404	24,635
Accrued grant and other income	19,058	15,445
VAT recoverable	24,495	45,204
Other debtors	517	-
	<u>58,044</u>	<u>105,253</u>

13 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	169,553	245,104
Other taxation and social security	32,922	-
Other creditors	47,330	13,701
Pension scheme creditor	28,856	27,391
Accruals	13,275	46,251
Deferred income	42,611	38,620
	<u>334,547</u>	<u>371,067</u>

	2016 £
Deferred income	
Deferred income at 1 September 2015	38,620
Resources deferred in the period	42,611
Amounts released from previous periods	<u>(38,620)</u>
Deferred income at 31 August 2016	<u>42,611</u>

Deferred income represents Universal Infant Free School Meal funding for the period September 2016 to March 2017 and insurance top up funding.



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

14 Funds

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant	-	1,474,819	(1,670,370)	195,551	-
Pupil Premium	-	92,107	(92,107)	-	-
Other Grant	-	43,626	(43,626)	-	-
SEN and Early Years funding	-	155,548	(155,548)	-	-
UIFSM	-	68,629	(68,629)	-	-
	<u>-</u>	<u>1,834,729</u>	<u>(2,030,280)</u>	<u>195,551</u>	<u>-</u>
Restricted fixed asset funds					
Donated Assets from Local Authority	6,248,429	-	(61,721)	33,158	6,219,866
DfE Capital Grant	-	9,172	-	(9,172)	-
	<u>6,248,429</u>	<u>9,172</u>	<u>(61,721)</u>	<u>23,986</u>	<u>6,219,866</u>
Restricted pension funds					
Pension Scheme Liability	<u>(581,000)</u>	<u>-</u>	<u>10,000</u>	<u>(164,000)</u>	<u>(735,000)</u>
Total restricted funds	5,667,429	1,843,901	(2,082,001)	55,537	5,484,866
Unrestricted funds					
Unrestricted general funds	<u>69,299</u>	<u>186,432</u>	<u>(19,995)</u>	<u>(219,537)</u>	<u>16,199</u>
Total funds	<u>5,736,728</u>	<u>2,030,333</u>	<u>(2,101,996)</u>	<u>(164,000)</u>	<u>5,501,065</u>

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

General Annual Grant (GAG) must be used for the normal running costs of the Academy.

Local Authority Statement funding is provided for the provision of services for children with special educational needs and is included within other DfE grants.

Pupil Premium Grant may be spent for the educational benefit of pupils registered at that school, or for the benefit of pupils registered at other schools; and on community facilities i.e. services whose provision furthers any charitable purpose for the benefit of pupils at the school or their families, or people who live or work in the locality in which the school is situated. The grant does not have to be completely spent by schools in the financial year, this is included within other DfE grants.

Devolved capital either allocated direct by the DfE or transferred on conversion from the local authority must be spent on capital purposes.

Capital expenditure from GAG income is made up of any fixed assets purchased during the year and the expense is the depreciation relating to these additions.



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

15 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	6,219,866	6,219,866
Current assets	16,199	334,547	-	350,746
Current liabilities	-	(334,547)	-	(334,547)
Pension scheme liability	-	(735,000)	-	(735,000)
Total net assets	<u>16,199</u>	<u>(735,000)</u>	<u>6,219,866</u>	<u>5,501,065</u>

16 Commitments under operating leases

Operating leases

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

	2016 £	2015 £
Within one year	5,757	1,280
In two and five years	<u>7,997</u>	<u>4,800</u>
	<u>13,754</u>	<u>6,080</u>

17 Reconciliation of net (expenditure)/income to net cash inflow/(outflow) from operating activities

	2016 £	2015 £
Net (expenditure)/income	(71,663)	241,369
Depreciation	61,720	53,499
Donated capital and capital grants	(9,172)	(224,156)
Interest receivable	(294)	(453)
FRS 102 net interest on defined benefit pension scheme	21,000	20,000
FRS 102 cost less contributions payable on defined benefit pension scheme	(31,000)	(29,000)
Decrease/(increase) in debtors	47,209	(49,649)
(Decrease)/increase in creditors	<u>(36,520)</u>	<u>111,834</u>
Net cash (outflow)/inflow from operating activities	<u>(18,720)</u>	<u>123,444</u>



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

18 Cash flows from investing activities

	2016 £	2015 £
Purchase of tangible fixed assets	(33,157)	(250,973)
Capital grants from DfE	9,172	224,156
Net cash outflow from capital expenditure and financial investment	<u>(23,985)</u>	<u>(26,817)</u>

19 Analysis of cash and cash equivalents

	At 31 August 2016 £	At 31 August 2015 £
Cash at bank and in hand	<u>292,702</u>	<u>335,113</u>
Total cash and cash equivalents	<u>292,702</u>	<u>335,113</u>

20 Contingent liabilities

During the period of the funding agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the funding agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by the reference to:

- a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy, and
- b) the extent to which expenditure incurred in providing those assets was met by payments from the Secretary of State under the funding agreement.

21 Members' liability

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

22 Pension and similar obligations

The Academy'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 East Riding Pension Fund. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £28,856 (2015 - £27,391) were payable to the schemes at 31 August and are included within creditors.



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

22 Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The pension costs paid to TPS in the period amounted to £119,884 (2015: £99,841).

Under the definitions set out in Financial Reporting Standard 102 (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.



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

22 Pension and similar obligations (continued)

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £145,000 (2015 - £152,000), of which employer's contributions totalled £123,000 (2015 - £128,000) and employees' contributions totalled £22,000 (2015 - £24,000). The agreed contribution rates for future years are 31.1 per cent for employers and 5.5 - 12.5 per cent 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

	At 31 August 2016 %	At 31 August 2015 %
Rate of increase in salaries	2.30	4.00
Rate of increase for pensions in payment/inflation	2.10	2.60
Discount rate for scheme liabilities	<u>2.00</u>	<u>3.70</u>

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	+ 0.5% £	0.0% £	- 0.5% £
Adjustment to discount rate			
Present value of total obligation	-	-	172,000
Adjustment to rate of salary growth			
Present value of total obligation	48,000	-	-
Adjustment to mortality age rating assumption			
Present value of total obligation	45,000	-	-

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

	At 31 August 2016	At 31 August 2015
Retiring today		
Males retiring today	21.90	22.00
Females retiring today	24.10	24.00
Retiring in 20 years		
Males retiring in 20 years	24.20	24.00
Females retiring in 20 years	<u>26.70</u>	<u>27.00</u>



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

22 Pension and similar obligations (continued)

The actual return on scheme assets was £106,000 (2015 - £3,000).

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

	At 31 August 2016 £	At 31 August 2015 £
Equities	572,000	385,000
Other bonds	84,000	51,000
Property	84,000	56,000
Cash	23,000	20,000
Total market value of assets	763,000	512,000
Present value of scheme liabilities - funded	(1,498,000)	(1,093,000)
Deficit in the scheme	(735,000)	(581,000)

Amounts recognised in the statement of financial activities

	2016 £	2015 £
Current service cost (net of employer contributions)	(31,000)	(29,000)
Net interest cost	21,000	20,000
Total operating charge	(10,000)	(9,000)

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

	2016 £	2015 £
At 1 September	1,093,000	926,000
Past service cost	2,000	-
Current service cost	90,000	99,000
Interest cost	43,000	36,000
Employee contributions	22,000	24,000
Actuarial losses	248,000	8,000
At 31 August	1,498,000	1,093,000

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

	2016 £	2015 £
At 1 September	512,000	357,000
Interest income	22,000	16,000
Actuarial gains/(losses)	84,000	(13,000)
Employer contributions	123,000	128,000
Employee contributions	22,000	24,000
At 31 August	763,000	512,000



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

23 Related party transactions

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

There were no related party transactions in the year, other than certain trustees' remuneration and expenses already disclosed in note 9.

24 Transition to FRS 102

First time adoption of FRS 102

These financial statements are the first financial statements of Spring Cottage Academy prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Spring Cottage Academy for the year ended 31/08/2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

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

Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31/08/2015 and the date of transition to FRS 102 and SORP 2015 was therefore 01/09/2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliation of net income/(expenditure)

	Note	Amount £
Net income/(expenditure) previously reported under UK GAAP		250,369
Change in recognition of LGPS interest cost		<u>(9,000)</u>
Net movement in funds reported under FRS 102		<u><u>241,369</u></u>

Change in recognition of LGPS interest cost

Under previous UK GAAP the Trust recognised an expected return on defined benefit plan assets in expenses. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenses. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £9,000 and decrease the debit in other recognised gains and losses in the SOFA by an equivalent amount.