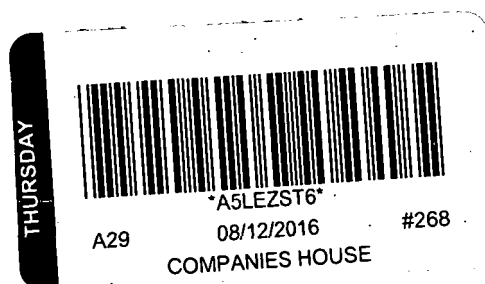


Company Registration No. 08803924 (England and Wales)

SUNNYSIDE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2016



SUNNYSIDE ACADEMY

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SUNNYSIDE ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Mrs M Madden (Chair)
Mr C Geddes (Vice Chair)
Mrs N Fox
Mr M Allen-Mulroy
Mrs W Atkinson (Resigned 31 August 2016)
Mr A Dunn (Resigned 31 August 2016)
Mrs S Liphthorpe
Mr M Barry (Resigned 31 August 2016)
Mrs G Holborn
Mrs K Edmenson
Mrs D Whitehead
Mrs S Welburn
Ms H L Robinson
Mrs R Parker (Accounting Officer) (Appointed 1 September 2016)

Members

- Chair
- Vice Chair

Mrs M Madden
Mr C Geddes
Mrs N Fox

Senior management team

- Headteacher
- Deputy Headteacher
- Assistant Headteacher
- Director of Resources

A Dunn
P Myers
J Patterson
S Tuffin

Company registration number

08803924 (England and Wales)

Registered office

Manor Farm Way
Coulby Newham
Middlesbrough
TS8 0RJ

Independent auditor

Baldwins Audit Services Limited
Wynyard Park House
Wynyard Avenue
Wynyard
TS22 5TB

Bankers

Lloyds Bank plc
St James House
137 Albert Road
Middlesbrough
TS1 2PD

SUNNYSIDE ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

Muckle LLP
Time Central
32 Gallowgate
Newcastle upon Tyne
NE1 4BF

SUNNYSIDE ACADEMY

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

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

The trust operates a primary academy in Coulby Newham, Middlesbrough. Its academy has a combined pupil capacity of 447 and had a roll of 389 in the school census on 21 January 2016.

Date of Incorporation

The academy was incorporated as a company on 5 December 2013. Company number 08803924.

Date of Conversion

The academy converted from Sunnyside Primary School to Sunnyside Academy on 1 January 2014.

Structure, governance and management

Constitution

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

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

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

SUNNYSIDE ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Method of recruitment and appointment or election of trustees

Membership is determined in accordance with the composition set out in the memorandum and articles. This states that the Academy composition is comprised as follows:

- The number of Governors shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

Subject to Articles 48-49 and 64, the Academy shall have the following Governors:

- (a) Up to three Community Governors;
- (b) a minimum of two but up to five Parent Governors appointed under Articles 53-58;
- (c) the Headteacher
- (d) up to three Staff Governors appointed under Article 50A;
- (e) one Trust Governor nominated by the Umbrella Trust;
- (f) the Umbrella Trust of which the Academy is a member from time to time can appoint (and remove), in its discretion, up to three additional Trust Governors to the extent that it reasonably considers that the academy is unwilling or unable to carry out such remedial action to the satisfaction of the Trustees

The Academy may also have up to three Co-opted Governors appointed under Article 59.

Future Governors shall be appointed or elected, as the case may be, under these Articles.

Appointment of Governors

- The Members may appoint up to three Community 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.
- Subject to Article 57, the Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he is elected.

Co-opted Governors

The Governors may appoint Co-opted Governors. A 'Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed. The Governors may not co-opt an employee of the Academy as a Co-opted Governor if thereby the number of Governors who are employees of the Academy would exceed one third of the total number of Governors (including the Headteacher).

The term of office for any Governor shall be 4 years, Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of trustees

A Governor induction procedure is in place for all new Governors. Training is provided through Middlesbrough Governor Development Service.

SUNNYSIDE ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Organisational structure

The Academy's unified management structure consists of 5 levels: the Governors and the Finance and Resources Committee, the Headteacher, the Senior Leadership Team (SLT) and the Senior Management and Leadership Team (SMLT).

The Governors are responsible for determining general policy, adopting an annual School Improvement Plan following a self-evaluation review, monitoring the practices and procedures adopted by the Academy, determining strategic direction of the Academy, capital expenditure and senior staff appointments.

The SMLT consists of the Headteacher, the Deputy Headteacher, Assistant Headteacher, Director of Resources, Leaders of Specialisms and the three Key Stage Leaders. The SLT controls the Academy at an executive level, implementing the policies laid down by the trustees and reporting back to them. The Headteacher and trustees are responsible for the authorisation of spending with agreed budgets and appointment of staff as stated in the finance handbook.

The Director of Resources is responsible for the management of the financial systems and ensuring efficient and effective use of resources. The Director of Resources is responsible for the authorisation of spending up to agreed limits as stated in the Financial Handbook. The Director of Resources is responsible for the efficient operation of the school office.

The Headteacher is the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

Trustee's at Sunnyside Academy are non-paid. The arrangements for setting the pay and remuneration of the academy's key management personnel, in this case the senior leadership team is done following the guidance in the Academy's Pay Policy written by Kier HR and adopted by the Academy's Governing Body. The pay policy is intended to ensure that all employees paid from within the Academy budget are fairly and consistently treated in relation to pay and pay related issues. This policy adheres to the requirements of:

- The School Teachers' Pay and Conditions document currently in use;
- Conditions of Service for School Teachers' in England and Wales (Burgundy book, August 2000);
- The National Joint Council for Local Government Services National Agreement of Pay and Conditions of Service (Green book);
- The School Staffing (England) Regulations 2009; and
- The Education(School Teachers' Appraisal)(England)Regulations 2012

The pay policy is read and carried out in conjunction with the Academy's Improvement Plan, the Academy Appraisal policy and the Teachers' Standards.

The Governing Body has a dedicated Pay Committee to carry out determinations of pay in accordance with this pay policy. The Committee has fully delegated powers and has been established in accordance with the appropriate Governance Regulations.

Related parties and other connected charities and organisations

Sunnyside Academy is part of the Discovery Alliance, an Umbrella Trust established by five neighbouring primary academies and one secondary academy. The Discovery Alliance Umbrella Trust is a company registered in England and Wales. The Discovery Alliance was created to facilitate a closer working relationship between the six schools in order to raise standards, improve the educational experience, promote consistency and improve transition.

The Head Teachers of the six schools together with special advisors form the Raising Achievement Panel (RAP) which meets regularly to further the objectives of the Alliance through collaborative working and sharing best practice. Unlike a Multi Academy Trust, the Umbrella Trust and the six schools therein remain autonomous to ensure the best educational outcomes for each, whilst still being able to promote efficiency and effectiveness through a collaborative approach.

SUNNYSIDE ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Objectives and activities

Objects and aims

The principal objective and activity of the charitable company is the operation of Sunnyside Academy to provide education for pupils of different abilities between the ages of 3-11. In accordance with the Articles of Association the charitable company has adopted a "Scheme of Governance" approved by the Secretary of State for Education.

The Academy objects are specifically restricted to the following:

- (a) to advance for public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum, and
- (b) to promote for the benefit of the inhabitants of Middlesbrough and the surrounding areas the provision of facilities for sport, recreation or other leisure time occupation of individuals who have need of such facilities by reason of youth, age, infirmity or disablement, poverty, financial hardship or social and economic circumstances or for public at large in the interests of social welfare and the object of improving conditions of life of the said inhabitants

School Aims:

We aim to create a secure, happy, caring, learning environment. Children will receive a broad, balanced and interesting curriculum, which motivates them to work and achieve to the best of their ability. Every child has the right to achieve their full potential.

Objectives, strategies and activities

In setting our objectives and planning our activities the Governors have given careful consideration to the Charity Commission's general guidance and public benefit. Sunnyside Academy offers all pupils a broad curriculum. The pupils who attend live in and around the borough, with some out of borough pupils also attending. To provide opportunities for additional enjoyment and socialising a variety of after school activities are offered.

The Academy organises various visits to develop learning beyond the classroom. We call these WOW experiences.

Objectives:

Data as regards pupil performance is generated every week at Sunnyside Academy whether it be through reading tests, pupil performance or attendance analysis. The data is analysed further at half termly monitoring meetings coordinated by the school's Senior Management Team where the progress made by every individual pupil is discussed. These meetings are used to hold individual members of staff to account for the progress of pupils in their care. Governors are often in attendance. Any interventions which may be necessary to further enhance the progress made by any individual will be agreed at these meetings. A summary of the progress made by pupils is then presented to the Governors Raising Achievement Committee. The RA Committee also scrutinises the results of pupils who take part in year-end tests. Sunnyside Academy is also part of the Discovery Alliance Umbrella Trust + which has its own Raising Achievement Panel or RAP. The RAP oversees standards in the six schools which make up the Alliance and reports its findings to the Umbrella Trust if necessary.

Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

SUNNYSIDE ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Strategic report

Achievements and performance

Achievements in the period

When considering any results it is important to understand Sunnyside's unique context. Sunnyside educates pupils with special educational needs alongside mainstream pupils. Over one third of our pupils have learning difficulties and/or disabilities and around 1 in 15 have a statement of special educational needs or disability or EHIC. These proportions are much higher than in most schools. There are specialist staff and facilities to teach pupils who have hearing or visual impairments. These children are drawn from across the Tees Valley. We also host the only remaining High Needs Base in Middlesbrough LA with children joining the school with very low levels of English and Mathematics at the end of Year 3. In 2015/2016 we had 41 HI, 21 VI and 26 High Needs children at Sunnyside. All of these pupils are included in our test results published by DFE even though the majority of them are cognitively unable to take a SAT test. In some years this means our test results can be suppressed by around 30% in comparison with other mainstream primary schools and Academy's. We are proud of the achievements of all of our pupils at Sunnyside.

In 2016 59% of our Reception aged children achieved a good level of development when measured against the Foundation Stage Profile. This increased to 75% of the year group when our HI and VI base children are not included in the calculation.

62% of our whole cohort of Year 1 children passed their Phonic Screening test in 2016. This figure increases to 70% of the year group when base children are not included in the calculation.

Key performance indicators

Key Stage 1 2016

Whole Cohort = 52 pupils		%	Cumulative %
Reading	Working at greater depth	10	
	Working at the expected standard	46	56
	Has not met the standard	44	
Writing	Working at greater depth	0	
	Working at the expected standard	40	40
	Working towards the standard	23	
	Has not met the standard	37	
Maths	Working at greater depth	8	
	Working at the expected standard	30	38
	Has not met the standard	62	

Mainstream Cohort = 43 pupils		%	Cumulative %
Reading	Working at greater depth	12	
	Working at the expected standard	53	65
	Has not met the standard	35	
Writing	Working at greater depth	0	
	Working at the expected standard	49	49
	Working towards the standard	26	
	Has not met the standard	25	
Maths	Working at greater depth	9	
	Working at the expected standard	38	47
	Has not met the standard	53	

SUNNYSIDE ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Key Stage 2 2016

Whole Cohort = 45 pupils		%	Cumulative %
Reading	Working at the expected standard	40	40
	Has not met the standard	60	
Writing	Working at greater depth	16	
	Working at the expected standard	37	53
	Working towards the standard	18	
	Has not met the standard	29	
EPaG	Working at the expected standard	51	51
	Has not met the standard	49	
Maths	Working at the expected standard	56	56
	Has not met the standard	44	
CRWM	At or above the expected standard	38	38

Mainstream Cohort = 32 pupils		%	Cumulative %
Reading	Working at the expected standard	56	56
	Has not met the standard	44	
Writing	Working at greater depth	22	
	Working at the expected standard	53	75
	Working towards the standard	19	
	Has not met the standard	6	
EPaG	Working at the expected standard	72	72
	Has not met the standard	28	
Maths	Working at the expected standard	75	75
	Has not met the standard	25	
CRWM	At or above the expected standard	53	53

Pupil Attendance Data

Attendance at Sunnyside for mainstream pupils (Years 1 – 6) stood at 96.3% for the academic year 2015/16. Our overall attendance figures are affected by the needs of a large minority of our pupils who due to their SEND may need time away from school to attend hospital or clinic appointments.

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 the board of trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

SUNNYSIDE ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Financial review

Around half of the Academy's income is received from the Education Funding Agency [EFA] in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities on page 23. Details of all grants and income received can be found in notes 2 to 4.

During the period ended 31 August 2016 expenditure amounting to £3,272,277 was incurred or accrued, including depreciation. This was offset by grants receivable from the EFA, the Local Authority, and income from lettings used to ensure this business is sustainable. The other half of the Academy's income is from top up funding for Hearing Impaired and Visually Impaired pupil places.

At 31 August 2016 the net book value of fixed assets was £4,529,499. The assets were used exclusively to provide education and associated services to the students of the Academy.

The Academy made a total operating deficit in the period to 31 August 2016 of £27,039.

Total income excluding capital grants in the period was £3,134,452 of which £2,098,694 came from the EFA revenue grants and £965,734 from other government grants. As the majority of the grant income is generated by pupil numbers it is imperative to ensure that pupil numbers remain high, vacancies are filled and that the school maintains its pupil numbers.

Land, buildings and other assets were transferred to the Academy on conversion, in 2014 Land and buildings were professionally valued at £4,286,000.

Fund balances held at 31 August 2016 were £297,905 comprising restricted reserves of £167,656 And unrestricted reserves of £130,249.

Reserves policy

The Governing Body is responsible for determining the level of financial reserves to be carried forward at the end of any financial period (31 August).

The Governing Body would look to hold 15% of its annual income, with a maximum of 5% being from restricted funds. The actual balance for 2015/2016 was 9.5% with 4.1% coming from restricted funds.

The Governing Body has delegated the monitoring of potential period end reserves to the Finance and Resources/Audit Committee as part of their terms of reference.

The Governing Body will ensure that the levels of reserves that can be carried forward at the end of the financial period will be in line with the guidance received from the DfE on the treatment of General Annual Grant [GAG] income and other grants.

The Governing Body will consider the improvement plan for capital developments required.

The Governing Body will always try to match income with expenditure in the current period and will only carry forward reserves that it considers are necessary for future period's expenditure.

The Governing Body may accumulate reserve funds raised from private sources to defray for the benefit of the Academy in future years.

The Academy reserves at present are being held to expand the Academy to accommodate the needs of a growing number of pupils.

SUNNYSIDE ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Investment policy and powers

The Academy has an approved Investment Policy and if the Academy is able to generate better returns than currently provided in the current account, it may undertake other investments. Investments may however only be made in accordance with procedures approved by the Governing Body. It is expected that all investment decisions will be made on a risk-averse basis. All investments, outside of the deposit account, need GB approval. Investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated, including the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure that the income receivable is actually received.

The aim of this policy is to ensure that funds which the Academy does not immediately need to cover anticipated expenditure are invested in such a way as to maximise the school's income but without risk. Our aim is to spend the publicly funded monies with which we are entrusted for the direct education benefit of students as soon as is prudent. The Academy does not consider the investment of surplus funds as a primary activity, rather it is the result of best practice as and when circumstances allow.

Principal risks and uncertainties

The risk management plan continues to be developed and identified/potential risks have been reviewed regularly. A Risk Management Policy has been created and adopted by the Academy Trust Board. As a part of this policy a risk register has also been produced which will be reviewed at each Finance and Resources Committee meeting.

A risk the Academy continually faces is the uncertainty of pupil numbers in our HI and VI bases. These pupils carry with them a greater amount of funding than mainstream pupils and yet the numbers may fluctuate more rapidly. However currently the school has rising pupil numbers and there is a need for additional classroom space and capital funding is to be sought; a strategy to secure funds will be developed.

The school has lost three key members of the Senior Leadership team over the academic year. The Headteacher resigned, the Deputy Headteacher retired and the Assistant Headteacher relinquished the responsibilities associated with the role, choosing to remain as a teacher only. This has left some instability within the Academy, however, the Trust Board have approved a way forward to alleviate this instability.

The loss of these key people has an effect on the income that has historically come into school. For example, the Headteacher and the Assistant Headteacher both had pivotal roles in the Management of the HI and VI Service for the Local Authority and through a Service Level Agreement came £50,000. If the school are unable to fulfil this service, then this income will be lost. This can also be said for the income previously received for Outreach work predominantly by our Hi/VI staff, £48,000 per annum has been received over the past two years. Again if the school are unable to fulfil this service then this income will also be lost.

The Director of Resources has worked closely with Baldwins Audit Services Limited (formerly Evolution) to ensure financial systems are secure.

SUNNYSIDE ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Plans for future periods

Over the forthcoming year there will be a number of staffing changes as a new staffing structure begins on 1 September 2016. This aside the current Deputy Headteacher, Mrs Pat Myers retires on 31 August 2016 and the Headteacher/Accounting Officer, Mr Andrew Dunn, leaves on 31 August 2016. An interim Headteacher, Mrs Ruth Parker has been appointed on a temporary basis until a new Headteacher can be appointed. The new staffing structure sees the introduction of three Assistant Headteachers, with specific focus on Key Stage 1 and Lower School, Key stage 2 and Special Educational Needs.

The Academy Improvement Plan clearly states objectives to maintain the highest standards of achievement of all pupils whilst ensuring the school moves forward within a rapidly changing world.

Our plan drives improvement against school priorities and is informed by quality self-evaluation. It provides a detailed time line translating priorities into action. It identifies clear lines of accountability for actions and outcomes. The plan is monitored and evaluated against pupil progress. It is our intention to challenge one another and the children in our care to achieve their full potential. As a staff we intend to place an explicit focus on teaching and learning and the progress children make. Quality teaching is an entitlement for all children at Sunnyside. At Sunnyside, we share values and a vision for the future. Our language makes our school which is a beautiful place. We take a stand on detail. We all sing from the same hymn sheet. We see our work as being part of a complex jigsaw. We must ensure that all the corner pieces of the jigsaw are in place before we put in the sides and the centre of our jigsaw.

The overall aims of the school remain the same as do the principles put forward in the school's vision statement. These aims are summed up as follows:

To continue to improve the standards of achievement at Sunnyside Academy for all pupils with particular emphasis on raising standards in the core subjects whilst improving teaching and learning for all through the provision of a curriculum suitable for all of the children at Sunnyside.

To further develop the principle of inclusive education throughout the school.

Funds held as custodian trustee on behalf of others

The balance that was held on behalf of the Discovery Alliance was spent throughout the year and this was from a 'one off' grant. Therefore the school is no longer the custodian of these funds.

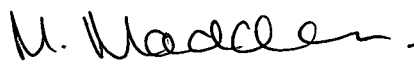
Auditor

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.

A resolution proposing Baldwins Audit Services Limited (formerly Evolution) be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 29.11.16 and signed on its behalf by:



Mrs M Madden
Chair

SUNNYSIDE ACADEMY

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Sunnyside 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 board of trustees has delegated the day-to-day responsibility to the , 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 Sunnyside Academy and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 3 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Mrs M Madden (Chair)	3	3
Mr C Geddes (Vice Chair)	3	3
Mrs N Fox	2	3
Mr M Allen-Mulroy	3	3
Mrs W Atkinson (Resigned 31 August 2016)	3	3
Mr A Dunn (Resigned 31 August 2016)	2	3
Mrs S Lipthorpe	2	3
Mr M Barry (Resigned 31 August 2016)	2	3
Mrs G Holborn	2	3
Mrs K Edmenson	1	3
Mrs D Whitehead	2	3
Mrs S Welburn	2	3
Ms H L Robinson	2	3
Mrs R Parker (Accounting Officer) (Appointed 1 September 2016)	0	0

A self-evaluation review of the Governing Body has been undertaken and was discussed at the Governing Body meeting in November 2015. The Chair and Vice Chair are both Highly competent/competent with the remaining governors being mostly competent or developing in their financial management skills. However with the need to replace three governors in 2016/2017 this self- evaluation review will need to be repeated.

The finance and resources committee is a sub-committee of the main board of trustees. Its purpose is to ensure efficient and effective use of resources whilst seeking ways to ensure outstanding sustainable provision. It also stands as the Audit Committee. Since becoming an Academy, four meetings have been held.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mrs M Madden (Chair)	3	3
Mr C Geddes (Vice Chair)	3	3
Mr M Allen-Mulroy	2	3
Mr A Dunn (Resigned 31 August 2016)	2	3
Mrs G Holborn	3	3
Mrs D Whitehead	2	3

SUNNYSIDE ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Review of value for money

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

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

1. Raising student attainment

Sunnyside Academy is a larger than average sized school which draws its pupils from a wide area. It was built around 37 years ago to educate pupils with special educational needs alongside mainstream pupils. Over one third of the pupils have learning difficulties and/or disabilities and one tenth have a statement of special educational need or disability (SEND). These proportions are much higher than in most schools. There are specialist staff and facilities to teach pupils who have hearing or visual impairments. In addition our base for pupils with learning difficulties was re-classified as a High Needs Base in January 2014.

Most pupils come from White British backgrounds, though a small number are from other ethnic backgrounds, are learning English as an additional language and are hearing impaired. These children learn British Sign Language.

Our WOW curriculum means that our children enjoy many visits, visitors and experiences to stimulate their minds.

2016 Y6 Cohort

Any cohort of children at Sunnyside consists of:

- Mainstream children with no SEND.
- Mainstream children with SEND.
- Hearing impaired children.
- Visually impaired children.
- Children who attend our Higher Needs Base and join Sunnyside from Y3 onwards.

The HI/VI and HNB children can be drawn from any of the five Tees Valley LAs.

In 2016 the Y6 cohort consisted of 45 pupils broken down as follows.

- 3 (%) HI child. Statemented for SEND.
- 3 (%) VI children. 2 Statemented/EHCP for SEND.
- 7 (%) High Needs Support Base children all of whom were cognitively unable to take SAT tests

2. Robust governance and oversight of Academy Trust Finances

The Academy benefits from the provision by Kier of a suitably qualified Responsible Officer (RO). The RO reviews key financial policies, systems and procedures, including the use of tenders and presents reports on compliance to the Finance and Resources Committee.

The Academy receives support throughout the year from its External Auditors on compliance and accounting practices.

The Finance and Resources Committee receive termly monitoring reports. The Trustees approve the budget each year and is mindful of the need to balance expenditure against income to ensure the Academy remains a 'going concern'. The board also receive and approve the Annual Accounts and the External Auditors Management Report.

SUNNYSIDE ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

3. Ensuring the operation of the Academy demonstrates good value for money and efficient and effective use of resources

The Academy regularly benchmarks financial performance against other academies to demonstrate that the Academy provides good value for money.

Tender exercises are regularly undertaken to ensure that high value contracts are assessed against the marketplace on a regular basis to ensure that long term contracts (3 to 5 years) remain competitive. For purchases above £10,000, but below the tender limit, 3 quotes are required.

The schools work closely with the Discovery Alliance Trust, consisting of five primary and one secondary academy. Through this partnership best value has been realised in such areas as insurance, buildings management and the group are currently working on procuring energy. As a group better savings can be made than as a single entity.

4. Maximising income generation

The Academy explores every opportunity to generate income through hire of Academy facilities. Income is also generated from small grant applications which help to support the wider curriculum.

During the year the school successfully bid for funding from Sports and PE funding, Awards for All grant. Many of the staff work on a consultancy basis for other schools, including the Headteacher and Director of Resources, providing additional income for the school.

5. Reviewing controls and managing risks

The Academy Senior Leadership Team review expenditure within each budget heading annually and make adjustments based on the effectiveness of strategies introduced in previous years, curriculum offer and any new strategies identified in the Academy Improvement Plan.

The Academy works with other schools collaboratively to ensure that procurement costs are kept to a minimum. There is a commendable segregation of duties within the finance team. The school is fortunate, as a large primary school to have a team of four working in an administrative role, with three focussing on finance in particular. Stringent safeguards are in place to ensure that risk is minimised through fraud. Financial risks are considered at each Finance and Resources governors meeting.

The Academy maximises its resources by its environmental policies. These include energy consumption, recycling and reducing waste and procurement.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Sunnyside Academy for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

SUNNYSIDE ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

The risk and control framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Kier as internal auditor.

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

- Roles and responsibilities of leadership and governance
- Governance documentation
- Pecuniary interests
- Whistleblowing policy
- Self evaluation of financial competencies
- Governors induction
- Staffing structure review
- School development plan
- Budgeting process
- Tendering process
- Reporting
- Financial procedures
- Financial/accounting records and systems
- Data security
- Income
- Purchasing
- Cash control
- Payroll
- Assets
- Insurance
- VAT and other taxation
- Year end procedures

On a termly basis, the auditor reports to the board of trustees, through the finance and resources committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

SUNNYSIDE ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

The internal auditor has delivered their schedule of work as planned.

The internal audits highlighted the following material control issues which have since been rectified where possible:

- New Governors Induction Pack - The academy has developed an induction pack, although it does not include financial elements to provide an overview of the current financial position of the academy.
- Staff Structure Review - The "Finance Director" is educated to degree level in Business Management and has a number of years' experience in school finance roles.
- Financial Procedures - The financial procedures document could contain more detail regarding procedures for income, expenditure and reconciliation. Ongoing across the Discovery Alliance.
- Other Income - There is one outstanding debtors invoice and no written off invoices since conversion.
- Payroll –
 - Not all contracts are signed by employees.
 - Other than small variations between the budget salary costs in HCSS and the actual salaries paid there do not appear to be any significant issues.
- Assets - The land and buildings are included in SAGE50 for depreciation. Assetrac has provided an asset register however, this is updated only once per year (November) and was not up to date. The academy should make a record of the movement of registered assets between classrooms and when assets are disposed of.

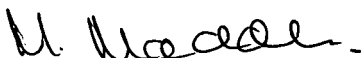
Review of effectiveness

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

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the Director of Resources who has 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 resources committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 29/11/16.... and signed on its behalf by:



Mrs M Madden
Chair



Mrs R Parker
Accounting Officer

SUNNYSIDE ACADEMY

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2016

Having only joined the school as Acting Headteacher on 1st September 2016 and therefore as accounting officer of Sunnyside Academy I have considered my responsibility to notify the academy board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. 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 board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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

Mrs R Parker
Accounting Officer



29/11/16

SUNNYSIDE ACADEMY

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2016

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

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

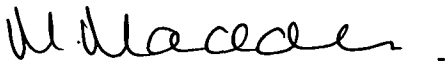
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards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

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

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

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

Approved by order of the board of trustees on 29/11/16 and signed on its behalf by:



Mrs M Madden
Chair

SUNNYSIDE ACADEMY

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF SUNNYSIDE ACADEMY

We have audited the accounts of Sunnyside Academy for the year ended 31 August 2016 set out on pages 23 to 43. 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', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 18, the trustees, who are also the directors of Sunnyside Academy for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts 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 accounts. In addition, we read all the financial and non-financial information in the Trustees' Report including the incorporated strategic report to identify material inconsistencies with the audited accounts 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 accounts

In our opinion the accounts:

- 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

SUNNYSIDE ACADEMY

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF SUNNYSIDE ACADEMY (CONTINUED)

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 accounts 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.

Baldwins Audit Services Limited

Graham Fitzgerald BA FCA DChA (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services Limited

Chartered Accountants
Statutory Auditor
Wynyard Park House
Wynyard Avenue
Wynyard
TS22 5TB

Dated: *6/12/16*

SUNNYSIDE ACADEMY

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SUNNYSIDE ACADEMY AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 23 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 Sunnyside 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 Sunnyside Academy and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Sunnyside Academy and 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 Sunnyside Academy and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Sunnyside Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Sunnyside Academy's funding agreement with the Secretary of State for Education dated 20 December 2013 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by 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.

SUNNYSIDE ACADEMY

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SUNNYSIDE ACADEMY AND THE EDUCATION FUNDING AGENCY (CONTINUED)

The work undertaken to draw to our conclusion includes:

- completion of self assessment questionnaire by Accounting Officer
- discussions with the Accounting Officer and finance team
- review of Internal Assurance report
- review of trustee and committee meeting minutes
- review of finance and other relevant policies
- review of purchases, expenses and expense claims on a sample basis including the application of controls and tendering processes where applicable
- review of gifts and hospitality transactions including the application of controls
- review of credit and debit card transactions including the application of controls
- review of payroll transactions on a sample bases including the application of controls
- review of potential special payments to staff
- review of leases and consideration of areas where borrowing may have been incurred
- consideration of transactions with related and connected parties
- review of register of business interests for completeness and compliance with regulations
- enquiries into transactions that may require disclosure under EFA delegated authority rules
- consideration of value for money and appropriateness of transactions

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Baldwins Audit Services

Graham Fitzgerald BA FCA DChA
Reporting Accountant
Baldwins Audit Services Limited

Dated: 6/12/16

SUNNYSIDE ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £		Total 2016 £	Total 2015 £
Income and endowments from:						
Donations and capital grants	2	-	9,820	118,859	128,679	390,602
Charitable activities:						
- Funding for educational operations	3	34,882	3,046,535	-	3,081,417	3,148,318
Other trading activities	4	34,235	-	-	34,235	51,381
Investments	5	907	-	-	907	841
Total income and endowments		70,024	3,056,355	118,859	3,245,238	3,591,142
Expenditure on:						
Raising funds	6	25,947	-	-	25,947	27,428
Charitable activities:						
- Educational operations	7	34,882	3,084,901	126,547	3,246,330	3,439,480
Total expenditure	6	60,829	3,084,901	126,547	3,272,277	3,466,908
Net income/(expenditure)		9,195	(28,546)	(7,688)	(27,039)	124,234
Transfers between funds		-	(18,792)	18,792	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	17	-	(734,000)	-	(734,000)	29,000
Net movement in funds		9,195	(781,338)	11,104	(761,039)	153,234
Reconciliation of funds						
Total funds brought forward		121,054	(231,006)	4,518,395	4,408,443	4,255,209
Total funds carried forward		130,249	(1,012,344)	4,529,499	3,647,404	4,408,443

SUNNYSIDE ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2015		Funds	General	Fixed asset	2015
	Notes	£	£	£	£
Income and endowments from:					
Donations and capital grants	2	-	-	390,602	390,602
Charitable activities:					
- Funding for educational operations	3	39,082	3,109,236	-	3,148,318
Other trading activities	4	51,381	-	-	51,381
Investments	5	841	-	-	841
Total income and endowments		91,304	3,109,236	390,602	3,591,142
Expenditure on:					
Raising funds	6	27,428	-	-	27,428
Charitable activities:					
- Educational operations	7	39,082	3,288,528	111,870	3,439,480
Total expenditure	6	66,510	3,288,528	111,870	3,466,908
Net income/(expenditure)		24,794	(179,292)	278,732	124,234
Transfers between funds		-	184,794	(184,794)	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	17	-	29,000	-	29,000
Net movement in funds		24,794	34,502	93,938	153,234
Reconciliation of funds					
Total funds brought forward		96,260	(265,508)	4,424,457	4,255,209
Total funds carried forward		121,054	(231,006)	4,518,395	4,408,443

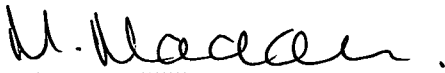
SUNNYSIDE ACADEMY

BALANCE SHEET

AS AT 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	11		4,529,499		4,518,395
Current assets					
Debtors	12	126,931		93,024	
Cash at bank and in hand		375,928		454,275	
		502,859		547,299	
Current liabilities					
Creditors: amounts falling due within one year	13	(204,954)		(262,251)	
Net current assets			297,905		285,048
Net assets excluding pension liability			4,827,404		4,803,443
Defined benefit pension liability	17		(1,180,000)		(395,000)
Net assets			3,647,404		4,408,443
Funds of the academy trust:					
Restricted funds	15				
- Fixed asset funds			4,529,499		4,518,395
- Restricted income funds			167,656		163,994
- Pension reserve			(1,180,000)		(395,000)
Total restricted funds			3,517,155		4,287,389
Unrestricted income funds	15		130,249		121,054
Total funds			3,647,404		4,408,443

The accounts set out on pages 23 to 43 were approved by the board of trustees and authorised for issue on 29/11/16 and are signed on its behalf by:



Mrs M Madden
Chair

Company Number 08803924

SUNNYSIDE ACADEMY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Net cash used in operating activities	18		(60,462)		(115,310)
Cash flows from investing activities					
Dividends, interest and rents from investments		907		841	
Capital grants from DfE and EFA		118,859		390,602	
Payments to acquire tangible fixed assets		(137,651)		(205,808)	
			(17,885)		185,635
Change in cash and cash equivalents in the reporting period			(78,347)		70,325
Cash and cash equivalents at 1 September 2015			454,275		383,950
Cash and cash equivalents at 31 August 2016			375,928		454,275

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

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

1.1 Basis of preparation

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 22.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable 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 accounts 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 accounts.

The increase in the reported share of the LGPS deficit in the year has had a significant impact on our restricted funds, however we draw your attention to the cash reserves held by the academy as well as the balances held in unrestricted and restricted general reserves.

1.3 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 receivable

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 period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

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.

Donated goods, facilities and services

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

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

1.4 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 are 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.

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

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 life, as follows:

Leasehold buildings	2% straight line
Computer equipment	50% straight line
Fixtures, fittings and equipment	25% 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.

The trust's land and buildings are occupied on a 125 year lease from the local authority. In the view of the trustees, the risks and rewards of occupying the site have been substantially transferred to the trust and therefore the land and buildings have been recognised as a donation on conversion and capitalised within the restricted fixed assets fund. The basis of valuation has been disclosed within the fixed assets note.

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.

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 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.

1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 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.

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.9 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 17, 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 are 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.

1.10 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 or other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Department for Education.

1.11 Critical accounting estimates and areas of judgement

Accounting 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.

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Capital grants	-	118,859	118,859	390,602
Other donations	-	9,820	9,820	-
	-	128,679	128,679	390,602

3 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
DfE / EFA grants				
General annual grant (GAG)	-	1,854,330	1,854,330	1,868,250
Other DfE / EFA grants	-	244,364	244,364	242,532
	-	2,098,694	2,098,694	2,110,782
Other government grants				
Local authority grants	-	947,841	947,841	998,454
Other funds				
Catering income	27,072	-	27,072	23,636
Other incoming resources	7,810	-	7,810	15,446
	34,882	-	34,882	39,082
Total funding	34,882	3,046,535	3,081,417	3,148,318

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Hire of facilities	1,013	-	1,013	8,797
Catering income	2,057	-	2,057	1,984
Trips	9,146	-	9,146	4,613
Other income	22,019	-	22,019	35,987
	<u>34,235</u>	<u>-</u>	<u>34,235</u>	<u>51,381</u>

5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	907	-	907	841
	<u>907</u>	<u>-</u>	<u>907</u>	<u>841</u>

6 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2016 £	Total 2015 £
Academy's educational operations					
- Direct costs	2,215,202	-	124,204	2,339,406	2,201,079
- Allocated support costs	343,460	249,125	314,339	906,924	1,238,401
	<u>2,558,662</u>	<u>249,125</u>	<u>438,543</u>	<u>3,246,330</u>	<u>3,439,480</u>
Other expenditure					
Raising funds	1,638	-	24,309	25,947	27,428
	<u>1,638</u>	<u>-</u>	<u>24,309</u>	<u>25,947</u>	<u>27,428</u>
Total expenditure	<u>2,560,300</u>	<u>249,125</u>	<u>462,852</u>	<u>3,272,277</u>	<u>3,466,908</u>

Net income/(expenditure) for the year includes:

	2016 £	2015 £
Fees payable to auditor for:		
- Audit	5,500	6,000
- Other services	2,680	4,265
Operating lease rentals	38,698	40,900
Depreciation of tangible fixed assets	<u>126,547</u>	<u>111,870</u>

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

7 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Direct costs - educational operations	7,810	2,331,596	2,339,406	2,201,079
Support costs - educational operations	27,072	879,852	906,924	1,238,401
	<u>34,882</u>	<u>3,211,448</u>	<u>3,246,330</u>	<u>3,439,480</u>

	2016 £	2015 £
Analysis of support costs		
Support staff costs	343,460	308,539
Depreciation and amortisation	126,547	111,870
Technology costs	3,489	2,297
Premises costs	190,638	568,718
Other support costs	187,763	193,605
Governance costs	55,027	53,372
	<u>906,924</u>	<u>1,238,401</u>

8 Staff costs

	2016 £	2015 £
Wages and salaries	2,010,370	1,859,476
Social security costs	150,597	124,799
Operating costs of defined benefit pension schemes	326,505	291,439
Staff costs	<u>2,487,472</u>	<u>2,275,714</u>
Supply staff costs	38,327	50,723
Staff restructuring costs	-	6,473
Staff development and other staff costs	34,501	28,322
Total staff expenditure	<u>2,560,300</u>	<u>2,361,232</u>

Staff numbers

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

	2016 Number	2015 Number
Teachers	74	76
Administration and support	33	29
Management	2	2
	<u>109</u>	<u>107</u>

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

8 Staff costs

(Continued)

Higher paid staff

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

	2016 Number	2015 Number
£60,001 - £70,000	1	-
£70,001 - £80,000	1	1
	<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 £248,567 (2015: £248,698).

9 Trustees' remuneration and expenses

The headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year, no expenses were reimbursed to trustees.

The value of trustees' remuneration for the year was as follows:

A Dunn (headteacher)

Remuneration £70,001 - £75,000 (2015: £70,001 - £75,000)

Employer's pension contributions £10,001 - £15,000 (2015: £5,001 - £10,000)

M Barry (teacher)

Remuneration £40,001 - £45,000 (2015: £40,001 - £45,000)

Employer's pension contributions £5,001 - £10,000 (2015: £5,001 - £10,000)

G Holborn (teacher)

Remuneration £35,001 - £40,000 (2015: £35,001 - £40,000)

Employer's pension contributions £5,001 - £10,000 (2015: £5,001 - £10,000)

S Lipthorpe (hlta)

Remuneration £20,001 - £25,000 (2015: £15,001 - £20,000)

Employer's pension contributions £1 - £5,000 (2015: £1 - £5,000)

Other related party transactions involving the trustees are set out within the related parties note.

10 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2016 was £601 (2015: £583).

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

11 Tangible fixed assets

	Leasehold buildings	Computer equipment	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 September 2015	4,600,382	52,019	36,414	4,688,815
Additions	15,275	2,700	119,676	137,651
At 31 August 2016	4,615,657	54,719	156,090	4,826,466
Depreciation				
At 1 September 2015	139,151	23,931	7,338	170,420
Charge for the year	87,139	23,864	15,544	126,547
At 31 August 2016	226,290	47,795	22,882	296,967
Net book value				
At 31 August 2016	4,389,367	6,924	133,208	4,529,499
At 31 August 2015	4,461,231	28,088	29,076	4,518,395

Land and buildings were valued using the Depreciation Replacement Cost Method on 28 November 2013 by Martin Catley MRICS on behalf of Mouchel.

12 Debtors

	2016 £	2015 £
Trade debtors	16,032	736
VAT recoverable	15,052	28,304
Other debtors	18,726	-
Prepayments and accrued income	77,121	63,984
	126,931	93,024

13 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	62,937	74,369
Other taxation and social security	44,800	33,048
Other creditors	37,523	32,351
Accruals and deferred income	59,694	122,483
	204,954	262,251

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

14	Deferred income	2016 £	2015 £
	Deferred income is included within:		
	Creditors due within one year	24,529	53,002
	Deferred income at 1 September 2015	53,002	46,210
	Released from previous years	(53,002)	(46,210)
	Amounts deferred in the year	24,529	53,002
	Deferred income at 31 August 2016	24,529	53,002

Deferred income includes universal infant meals income and rates relief received in advance of the next financial period.

15	Funds	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses & transfers £	Balance at 31 August 2016 £
	Restricted general funds					
	General Annual Grant	159,032	1,854,330	(1,826,914)	(18,792)	167,656
	Other DfE / EFA grants	4,962	244,364	(249,326)	-	-
	Other government grants	-	947,841	(947,841)	-	-
	Other restricted funds	-	9,820	(9,820)	-	-
	Funds excluding pensions	163,994	3,056,355	(3,033,901)	(18,792)	167,656
	Pension reserve	(395,000)	-	(51,000)	(734,000)	(1,180,000)
		(231,006)	3,056,355	(3,084,901)	(752,792)	(1,012,344)
	Restricted fixed asset funds					
	DfE / EFA capital grants	21,916	118,859	(13,237)	-	127,538
	Inherited funds	4,153,827	-	(83,848)	-	4,069,979
	Capital expenditure from GAG	342,652	-	(29,462)	18,792	331,982
		4,518,395	118,859	(126,547)	18,792	4,529,499
	Total restricted funds	4,287,389	3,175,214	(3,211,448)	(734,000)	3,517,155
	Unrestricted funds					
	General funds	121,054	70,024	(60,829)	-	130,249
	Total funds	4,408,443	3,245,238	(3,272,277)	(734,000)	3,647,404

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

15 Funds

(Continued)

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

General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Other DfE/EFA grants includes pupil premium funding targeted at disadvantaged pupils, School lunch Funding and a sport grant.

Other government grants includes early years funding for three and four year old children, funding for pupils with special educational needs, specialist funding for children with hearing and vision needs and pupil premium provided by the local authority.

The pension reserve reflects the LGPS transactions. The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with these funds.

DfE/EFA capital grants consist of the devolved capital grant and other grants fully utilised on building improvements and repairs.

The inherited fixed asset fund reflects the fixed assets acquired from Middlesbrough Council on conversion. Depreciation on these assets is charged against this fund.

Capital expenditure has been funded by GAG. Transfers between these funds are reflected in the gains, losses and transfers column.

Unrestricted funds may be used for any purpose, at the discretion of the trustees, within the objects of the academy trust.

The academy's restricted general and unrestricted funds were £297,905 as at 31 August 2016.

16 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2016 £
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	4,529,499	4,529,499
Current assets	130,249	372,610	-	502,859
Creditors falling due within one year	-	(204,954)	-	(204,954)
Defined benefit pension liability	-	(1,180,000)	-	(1,180,000)
	<u>130,249</u>	<u>(1,012,344)</u>	<u>4,529,499</u>	<u>3,647,404</u>

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Middlesbrough Borough Council. Both are multi-employer 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 that of the LGPS related to the period ended 31 March 2013.

Contributions amounting to £37,005 (2015: £31,681) were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £177,412 (2015: £141,764).

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

(Continued)

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 14.6% for employers and 5.5 - 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £114,000 (2015: £107,000).

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.

Total contributions made	2016 £	2015 £
Employer's contributions	110,000	103,000
Employees' contributions	43,000	41,000
Total contributions	153,000	144,000

Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	3.4	3.5
Rate of increase for pensions in payment	1.9	2.0
Discount rate	2.0	3.8
Inflation assumption (CPI)	1.9	2.0

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

	2016 Years	2015 Years
Retiring today		
- Males	23.1	23.0
- Females	25.6	25.5
Retiring in 20 years		
- Males	25.3	25.2
- Females	28.0	27.8

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

(Continued)

The academy trust's share of the assets in the scheme

	2016 Fair value £	2015 Fair value £
Equities	970,714	695,435
Government bonds	9,104	14,365
Corporate bonds	9,104	13,520
Cash	66,004	54,080
Property	83,074	52,390
Other assets	-	15,210
Total market value of assets	1,138,000	845,000

Actual return on scheme assets - gain/(loss)	148,000	9,000
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Amounts recognised in the statement of financial activities

	2016 £	2015 £
Current service cost (net of employee contributions)	148,000	149,000
Net interest cost	13,000	12,000

Changes in the present value of defined benefit obligations

	2016 £	2015 £
Obligations at 1 September 2015	1,240,000	1,084,000
Current service cost	148,000	149,000
Interest cost	48,000	41,000
Employee contributions	43,000	41,000
Actuarial gain	847,000	(67,000)
Benefits paid	(8,000)	(8,000)
At 31 August 2016	2,318,000	1,240,000

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

(Continued)

Changes in the fair value of the academy trust's share of scheme assets	2016	2015
	£	£
Assets at 1 September 2015	845,000	718,000
Interest income	35,000	29,000
Return on plan assets (excluding amounts included in net interest):		
Actuarial loss	113,000	(38,000)
Employer contributions	110,000	103,000
Employee contributions	43,000	41,000
Benefits paid	(8,000)	(8,000)
At 31 August 2016	1,138,000	845,000

18 Reconciliation of net income/(expenditure) to net cash flows from operating activities

	2016	2015
	£	£
Net income/(expenditure) for the reporting period	(27,039)	124,234
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(118,859)	(390,602)
Investment income	(907)	(841)
Defined benefit pension costs less contributions payable	38,000	46,000
Defined benefit pension net finance cost/(income)	13,000	12,000
Depreciation of tangible fixed assets	126,547	111,870
(Increase)/decrease in debtors	(33,907)	(7,190)
Increase/(decrease) in creditors	(57,297)	(10,781)
Net cash used in operating activities	(60,462)	(115,310)

19 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016	2015
	£	£
Amounts due within one year	32,038	38,674
Amounts due in two and five years	19,808	46,051
	51,846	84,725

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

20 Related party transactions

Owing to the nature of the academy trust'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 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.

No related party transactions took place in the period of account.

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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

22 Reconciliations on adoption of FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliation of funds for the previous financial period

	1 September 2014 £	31 August 2015 £
Funds as reported under previous UK GAAP	4,255,209	4,408,443
Change in recognition of LGPS interest cost	1	-
Funds reported under FRS 102	4,255,209	4,408,443

Reconciliation of net income for the previous financial period

	Notes	2015 £
Net income previously reported under UK GAAP		150,234
Adjustments arising from transition to FRS 102:		
Change in recognition of LGPS interest cost	1	(26,000)
Net income reported under FRS 102		124,234

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

22 Reconciliations on adoption of FRS 102

(Continued)

Notes to reconciliations on adoption of FRS 102

1 - Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income by £26,000 and increase the debit in other recognised gains and losses in the SoFA by an equivalent amount.

No other material adjustments were identified.