

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 2015



SUNNYSIDE ACADEMY

CONTENTS

| | Page |
|---|-------------|
| Reference and administrative details | 1 - 2 |
| Trustees' report | 3 - 10 |
| Governance statement | 11 - 16 |
| Statement on regularity, propriety and compliance | 17 |
| Statement of trustees' responsibilities | 18 |
| Independent auditor's report on the accounts | 19 - 20 |
| Independent reporting accountant's report on regularity | 21 - 22 |
| Statement of financial activities | 23 |
| Balance sheet | 24 |
| Cash flow statement | 25 |
| Notes to the accounts | 26 - 42 |

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
Mr A Dunn (Accounting Officer)
Mrs S Liphthorpe
Mr M Barry
Mrs G Holborn
Mrs K Edmenson
Mrs D Whitehead
Mrs S Welburn
Ms H L Robinson (Appointed 17 October 2014)

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

Evolution Business and Tax Advisors LLP
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 2015

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2014 to 31 August 2015. 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 384 in the school census on 15 January 2015.

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 2015

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 2015

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.

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.

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.

SUNNYSIDE ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

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.

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 literacy and numeracy at the end of Year 3. In 2014/2015 we had 37 HI, 17 VI and 27 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 2015 59% of our Reception aged children achieved a good level of development when measured against the Foundation Stage Profile. This increased to 70% of the year group when our HI and VI base children are not included in the calculation. These figures improved from 10% and 12% respectively in 2013.

64% of our whole cohort of Year 1 children passed their Phonic Screening test in 2015. This figure increases to 77% of the year group when base children are not included in the calculation.

SUNNYSIDE ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

Key performance indicators

Key stage results

At Key Stage 1 our results were as follows in 2015.

| | Whole Cohort 51 children | All tested children 43 children | Mainstream children 43 children |
|--------------------------------|-----------------------------|------------------------------------|------------------------------------|
| Achieving Level 2b+ in Reading | 73% | 81% | 81% |
| Achieving Level 2b+ in Writing | 69% | 79% | 79% |
| Achieving Level 2b+ in Maths | 77% | 86% | 86% |

At Key Stage 2 our results were as follows in 2015.

| | Whole Cohort 47 children | All tested children 36 children | Mainstream children. 34 children |
|-------------------------------|-----------------------------|------------------------------------|-------------------------------------|
| Achieving Level 4+ in Reading | 60% | 78% | 76% |
| Achieving Level 4+ in Writing | 68% | 68% | 88% |
| Achieving Level 4+ in Maths | 55% | 70% | 74% |
| Achieving Level 4+ in Grammar | 58% | 75% | 74% |

Pupil Attendance Data

Attendance at Sunnyside for mainstream pupils stood at 94.9% for the academic year 2014/15. 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.

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 2015 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 2015 expenditure amounting to £3,440,908 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 2015 the net book value of fixed assets was £4,518,395. The assets were used exclusively to provide education and associated services to the students of the Academy.

The Academy made total operating surpluses in the period to 31 August 2015 of £150,234.

Total income excluding the donated assets in the period was £3,591,142 of which £2,110,782 came from the EFA revenue grants and £1,389,056 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 the prior year Land and buildings were professionally valued at £4,286,000.

Fund balances held at 31 August 2015 were £4,408,443 comprising restricted reserves of £4,287,389 And unrestricted reserves of £121,054.

SUNNYSIDE ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

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 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.

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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.

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.

SUNNYSIDE ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

Principal risks and uncertainties

The risk management plan continues to be developed and risks have been reviewed regularly. A Risk Management Policy has been created and a risk register which will be reviewed at each Finance and Resources Committee meeting.

One risk the Academy 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 needs to be developed.

As this report is prepared the academy does not yet have the actuarial valuation of the pension schemes. This uncertainty is a risk to the academy as is not being in control of the pension and National Insurance contributions.

The Director of Resources has worked closely with Evolution Business and Tax Advisors LLP to ensure financial systems are secure.

Plans for future periods

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

Sunnyside Academy are holding a fund on behalf of the five primary academies of the Umbrella Trust. This fund contains the balance of the Primary Chains Grant received from the EFA. At the 31 August 2015 the balance was £4,962.

SUNNYSIDE ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015


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 that Evolution Business and Tax Advisors LLP 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 25.11.15 and signed on its behalf by:



Mrs M Madden
Chair

SUNNYSIDE ACADEMY

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2015

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 | 3 | 3 |
| Mr M Allen-Mulroy | 1 | 3 |
| Mrs W Atkinson | 2 | 3 |
| Mr A Dunn (Accounting Officer) | 3 | 3 |
| Mrs S Liphthorpe | 2 | 3 |
| Mr M Barry | 3 | 3 |
| Mrs G Holborn | 3 | 3 |
| Mrs K Edmenson | 3 | 3 |
| Mrs D Whitehead | 3 | 3 |
| Mrs S Welburn | 3 | 3 |
| Ms H L Robinson (Appointed 17 October 2014) | 3 | 3 |

A self-evaluation review of the Governing Body has been undertaken and was discussed at the Governing Body meeting in November 2015.

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) | 4 | 4 |
| Mr C Geddes (Vice Chair) | 4 | 4 |
| Mr M Allen-Mulroy | 4 | 4 |
| Mr A Dunn (Accounting Officer) | 4 | 4 |
| Mrs G Holborn | 4 | 4 |
| Mrs D Whitehead | 3 | 4 |

SUNNYSIDE ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

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 36 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.

2015 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 2015 the Y6 cohort consisted of 47 pupils broken down as follows.

- 27 (57%) mainstream pupils with no SEND at SA or SA+ though many are monitored as part of our SEN process.
- 7 (15%) mainstream pupils with SEND.
- 1 (2%) HI child. Statemented for SEND.
- 4 (9%) VI children. 2 Statemented/EHCP for SEND.
- 8 (17%) High Needs Support Base children most of whom were cognitively unable to take SAT tests.

Only 28 of the pupils that make up the whole cohort were at Sunnyside at the end of Key Stage 1 (Y2). A significant majority of our more complex SEND cases join us during KS2 usually having 'failed' elsewhere in a mainstream setting. Our hearing impaired children who work in the communication base are integrated into mainstream when appropriate, usually with support. Visually impaired children work within the mainstream setting with support and are withdrawn for Braille as necessary. Comparison of raw SAT results from one year to another at Sunnyside can be misleading and unhelpful as each cohort across the school can have a very different make up. In 2015, 37 of the 47 children in Y6 were able to take SATs. The 37 were broken down as follows:

- 34 mainstream pupils of which 7 were mainstream pupils with SEND.
- 1 HNB child.
- 2 VI children.

SUNNYSIDE ACADEMY

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

This means that if every child of the 37 who took SATs achieved L4+ the school could achieve a maximum of 78% L4+ in Reading, writing or maths if the SAT test results for the whole cohort were taken into consideration. Direct comparison of Sunnyside Academy's results with other schools is therefore unwise.

The following information gives a breakdown of achievement for all children in Y6 in an attempt to give a true picture of the attainment of pupils at Sunnyside.

Raw SATS Test results for the whole cohort

47 children to count.

| Subject and Level | % of cohort L4+ | % of cohort L5 |
|-------------------|-----------------|----------------|
| Reading | 60% | 26% |
| Writing | 68% | 11% |
| Maths | 55% | 11% |
| EPAG | 58% | 26% |

SAT Test results for the children who took SATS

| Subject and Level | % of cohort L4+ | % of cohort L5 |
|-------------------|-----------------|----------------|
| Reading | 76% | 33% |
| Writing | 88% | 15% |
| Maths | 74% | 26% |
| EPAG | 74% | 35% |

Information on the % of children making 2 and 3 levels progress is complex due to the nature of the cohort and is available from the school.

2. Robust governance and oversight of Academy Trust Finances

The Academy benefits from the provision by Mouchel Business Services 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 work on the recently refurbished classroom and ICT suite was procured through a local architect. The architect prepared a specification for the works and undertook the tender on behalf of the school. His final recommendations were then brought to the Finance and Resources Chair along with the Director of Resources.

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 2015

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.

This year the academy has replaced its alarm system and ongoing maintenance saving over £2,000 per annum. A saving of £1000 per annum was made by changing energy management suppliers.

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 the Academies Capital Maintenance Fund, an amount of over £380,000 for replacement roofing. The school also received funding from the Local Authority for replacement canopies in the kitchen and an overhaul of kitchen equipment. 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 2014 to 31 August 2015 and up to the date of approval of the annual report and accounts.

SUNNYSIDE ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

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 2014 to 31 August 2015 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the 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 Mouchel Business Services 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 2015

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:

- o Not all invoices have evidence that they have been checked to the receipt of goods. It is recommended that all invoices have evidence that they have been checked to the receipt of goods. – All invoices are now evidenced.
- o Not all invoices have a corresponding order. It is recommended that all invoices have a corresponding order. – All invoices now have an order.
- o Of the 31 sample employees only 1 did not have a contract. Not all contracts are signed by employees. – All contracts are held with Mouchel payroll (copies are sent to school but these are at the same time as the contracts are sent to the employee so they aren't signed. Copies of signed contracts have since been requested from Mouchel
- o There is no segregation of duties in the payroll process, The Director of Resources requests changes to and checks the payroll. I recommend that the head teacher is involved in the checking of the payroll and certify that it is correct. Emails requesting changes should be copied into the head teacher. – The Headteacher is now copied into all changes sent to payroll. He now signs all payroll reports.

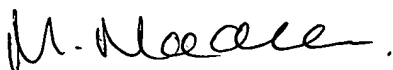
Review of effectiveness

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:

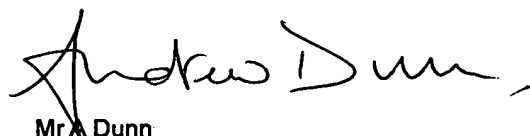
- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the Director of Resources who has responsibility for the development and maintenance of the internal control framework.

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 25.11.15 and signed on its behalf by:



Mrs M Madden
Chair



Mr A Dunn
Accounting Officer

SUNNYSIDE ACADEMY

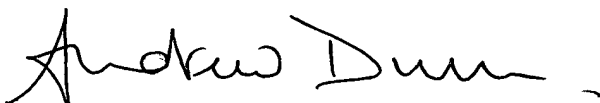
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2015

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.

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.

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.

Approved on 25.11.15 and signed by:



Mr A Dunn
Accounting Officer

SUNNYSIDE ACADEMY

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

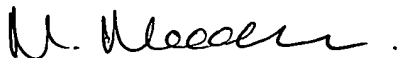
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2005;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the board of trustees on 25.11.15 and signed on its behalf by:



Mrs M Madden
Chair

SUNNYSIDE ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUNNYSIDE ACADEMY

We have audited the accounts of Sunnyside Academy for the year ended 31 August 2015 set out on pages 23 to 42. 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) and the Academies Accounts Direction 2014 to 2015 issued by the EFA.

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' Annual 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 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

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

SUNNYSIDE ACADEMY

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

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.

Graham Fitzgerald

Graham Fitzgerald BA FCA DChA (Senior Statutory Auditor)
Evolution Business and Tax Advisors LLP

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

Dated: 27/11/15

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 28 August 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, 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 2014 to 31 August 2015 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 the 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 the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Sunnyside Academy and the 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 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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 termly Internal Audit reports
- review of governing body and committee minutes
- review of finance and other relevant policies
- review of purchases and expenses on a sample basis
- review of credit and debit card transactions
- review of all leases in place
- consideration of transactions with related parties
- review of register of business interests and consideration of related party transactions

SUNNYSIDE ACADEMY

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

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 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Evolution

Reporting Accountant

Evolution Business and Tax Advisors LLP

Dated: 27/11/15

SUNNYSIDE ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2015

| | | Unrestricted funds £ | Restricted funds £ | Fixed Asset funds £ | Total 2015 £ | Total 2014 £ |
|---|--------------|----------------------------|--------------------------|---------------------------|--------------------|--------------------|
| <u>Incoming resources</u> | Notes | | | | | |
| <i>Resources from generated funds</i> | | | | | | |
| - Inherited on conversion | | - | - | - | - | 4,317,113 |
| - Activities for generating funds | 2 | 75,017 | - | - | 75,017 | 46,689 |
| - Investment income | 3 | 841 | - | - | 841 | 292 |
| <i>Resources from charitable activities</i> | | | | | | |
| - Funding for educational operations | 4 | 15,446 | 3,109,236 | 390,602 | 3,515,284 | 1,755,070 |
| Total incoming resources | | 91,304 | 3,109,236 | 390,602 | 3,591,142 | 6,119,164 |
| <u>Resources expended</u> | | | | | | |
| <i>Costs of generating funds</i> | | | | | | |
| - Fundraising trading | 5 | 51,064 | - | - | 51,064 | 46,549 |
| <i>Charitable activities</i> | | | | | | |
| - Educational operations | 6 | 15,446 | 3,209,156 | 111,870 | 3,336,472 | 1,664,975 |
| Governance costs | 7 | - | 53,372 | - | 53,372 | 51,431 |
| Total resources expended | 5 | 66,510 | 3,262,528 | 111,870 | 3,440,908 | 1,762,955 |
| Net incoming/(outgoing) resources before transfers | | 24,794 | (153,292) | 278,732 | 150,234 | 4,356,209 |
| Gross transfers between funds | | - | 184,794 | (184,794) | - | - |
| Net income/(expenditure) for the year | | 24,794 | 31,502 | 93,938 | 150,234 | 4,356,209 |
| <u>Other recognised gains and losses</u> | | | | | | |
| Actuarial gains/(losses) on defined benefit pension scheme | 16 | - | 3,000 | - | 3,000 | (101,000) |
| Net movement in funds | | 24,794 | 34,502 | 93,938 | 153,234 | 4,255,209 |
| Fund balances at 1 September 2014 | | 96,260 | (265,508) | 4,424,457 | 4,255,209 | - |
| Fund balances at 31 August 2015 | | 121,054 | (231,006) | 4,518,395 | 4,408,443 | 4,255,209 |

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

All of the academy's activities derive from continuing operations during the two financial periods above.

SUNNYSIDE ACADEMY

BALANCE SHEET

AS AT 31 AUGUST 2015

| | Notes | 2015 £ | £ | 2014 £ | £ |
|--|-------|-----------|-----------|-----------|-----------|
| Fixed assets | | | | | |
| Tangible assets | 10 | | 4,518,395 | | 4,424,457 |
| Current assets | | | | | |
| Debtors | 11 | 93,024 | | 85,834 | |
| Cash at bank and in hand | | 454,275 | | 383,950 | |
| | | 547,299 | | 469,784 | |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 12 | (262,251) | | (273,032) | |
| Net current assets | | | 285,048 | | 196,752 |
| Net assets excluding pension liability | | | 4,803,443 | | 4,621,209 |
| Defined benefit pension liability | 16 | | (395,000) | | (366,000) |
| Net assets | | | 4,408,443 | | 4,255,209 |
| Funds of the academy trust: | | | | | |
| Restricted funds | 14 | | | | |
| - Fixed asset funds | | | 4,518,395 | | 4,424,457 |
| - General funds | | | 163,994 | | 100,492 |
| - Pension reserve | | | (395,000) | | (366,000) |
| Total restricted funds | | | 4,287,389 | | 4,158,949 |
| Unrestricted income funds | 14 | | 121,054 | | 96,260 |
| Total funds | | | 4,408,443 | | 4,255,209 |

The accounts were approved by order of the board of trustees and authorised for issue on 25-11-15.



Mrs M Madden
Chair

Company Number 08803924

SUNNYSIDE ACADEMY

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2015

| | Notes | 2015 £ | 2014 £ |
|---|-------|-----------|-----------|
| Net cash inflow/(outflow) from operating activities | 17 | (115,310) | 291,014 |
| Cash funds transferred on conversion | | - | 271,837 |
| Returns on investments and servicing of finance | | | |
| Investment income | | 841 | 292 |
| Net cash inflow/(outflow) from returns on investments and servicing of finance | | 841 | 292 |
| | | (114,469) | 563,143 |
| Capital expenditure and financial investments | | | |
| Capital grants received | | 390,602 | 7,538 |
| Payments to acquire tangible fixed assets | | (205,808) | (186,731) |
| Net cash flow from capital activities | | 184,794 | (179,193) |
| Increase/(decrease) in cash | 18 | 70,325 | 383,950 |

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the accounts.

1.3 Conversion to an academy trust

In the prior year, the conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the maintained school to an academy trust have been valued at their fair value being a reasonable estimate of the current market values that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Sunnyside Academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as a gift in the SOFA and analysed under unrestricted, restricted general and restricted fixed assets funds.

1.4 Incoming resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable, where there is certainty of receipt and the value of the donation is measurable.

Donations

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

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

1 Accounting policies

(Continued)

Other income

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

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's policies.

1.5 Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities

These are costs incurred on the academy trust's educational operations.

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.6 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.

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

1 Accounting policies

(Continued)

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:

| | |
|----------------------------------|-------------------|
| Land | Not depreciated |
| Leasehold buildings | 2% straight line |
| Assets under construction | Not depreciated |
| 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.

1.7 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.

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 quinquennial valuations using a prospective benefit method. As stated in Note 16, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each year.

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

1 Accounting policies

(Continued)

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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other 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.

2 Activities for generating funds

| | Unrestricted funds £ | Restricted funds £ | Total 2015 £ | Total 2014 £ |
|--------------------|----------------------------|--------------------------|--------------------|--------------------|
| Hire of facilities | 8,797 | - | 8,797 | 5,422 |
| Catering income | 25,620 | - | 25,620 | 30,278 |
| Trips | 4,613 | - | 4,613 | 1,984 |
| Other income | 35,987 | - | 35,987 | 9,005 |
| | <u>75,017</u> | <u>-</u> | <u>75,017</u> | <u>46,689</u> |

3 Investment income

| | Unrestricted funds £ | Restricted funds £ | Total 2015 £ | Total 2014 £ |
|---------------------|----------------------------|--------------------------|--------------------|--------------------|
| Short term deposits | <u>841</u> | <u>-</u> | <u>841</u> | <u>292</u> |

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

4 Funding for the academy trust's educational operations

| | Unrestricted funds £ | Restricted funds £ | Total 2015 £ | Total 2014 £ |
|--------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| DfE / EFA grants | | | | |
| General annual grant (GAG) | - | 1,868,250 | 1,868,250 | 1,161,302 |
| Start up grants | - | - | - | 25,000 |
| Capital grants | - | 390,602 | 390,602 | 7,538 |
| Other DfE / EFA grants | - | 242,532 | 242,532 | 142,399 |
| | - | 2,501,384 | 2,501,384 | 1,336,239 |
| Other government grants | | | | |
| Local authority grants | - | 998,454 | 998,454 | 395,626 |
| Other funds | | | | |
| Other incoming resources | 15,446 | - | 15,446 | 23,205 |
| Total funding | 15,446 | 3,499,838 | 3,515,284 | 1,755,070 |

5 Resources expended

| | Staff costs £ | Premises & equipment £ | Other costs £ | Total 2015 £ | Total 2014 £ |
|---|---------------------|------------------------------|---------------------|--------------------|--------------------|
| Academy's educational operations | | | | | |
| - Direct costs | 2,052,693 | - | 148,386 | 2,201,079 | 1,269,610 |
| - Allocated support costs | 302,539 | 596,993 | 235,861 | 1,135,393 | 395,365 |
| | 2,355,232 | 596,993 | 384,247 | 3,336,472 | 1,664,975 |
| Other expenditure | | | | | |
| Costs of activities for generating funds | - | - | 51,064 | 51,064 | 46,549 |
| Governance costs | - | - | 53,372 | 53,372 | 51,431 |
| | - | - | 104,436 | 104,436 | 97,980 |
| Total expenditure | 2,355,232 | 596,993 | 488,683 | 3,440,908 | 1,762,955 |

Net income/(expenditure) for the year includes:

| | 2015 £ | 2014 £ |
|-------------------------|-----------|-----------|
| Operating leases | | |
| - Plant and machinery | 40,900 | 14,461 |
| Fees payable to auditor | | |
| - Audit | 6,000 | 6,000 |
| - Other services | 4,265 | 4,085 |

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

5 Resources expended

(Continued)

Included within expenditure are the following transactions:

| | 2015 £ |
|----------------------------|-----------|
| Ex-gratia payments - total | 4,000 |

The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook, being delegated authority or approval from the Education Funding Agency.

6 Charitable activities

| | Unrestricted funds £ | Restricted funds £ | Total 2015 £ | Total 2014 £ |
|--|----------------------------|--------------------------|--------------------|--------------------|
| Direct costs | | | | |
| Teaching and educational support staff costs | 15,446 | 2,008,925 | 2,024,371 | 1,211,149 |
| Technology costs | - | 19,151 | 19,151 | 8,029 |
| Educational supplies and services | - | 116,297 | 116,297 | 39,240 |
| Staff development | - | 28,322 | 28,322 | 5,705 |
| Other direct costs | - | 12,938 | 12,938 | 5,487 |
| | <u>15,446</u> | <u>2,185,633</u> | <u>2,201,079</u> | <u>1,269,610</u> |
| Allocated support costs | | | | |
| Support staff costs | - | 302,539 | 302,539 | 166,873 |
| Depreciation | - | 111,870 | 111,870 | 58,550 |
| Technology costs | - | 2,297 | 2,297 | 5,139 |
| Maintenance of premises and equipment | - | 485,123 | 485,123 | 48,029 |
| Cleaning | - | 41,480 | 41,480 | 26,354 |
| Energy costs | - | 28,922 | 28,922 | 27,603 |
| Rates and water | - | 13,193 | 13,193 | 9,678 |
| Insurance | - | 44,369 | 44,369 | 24,879 |
| Security and transport | - | 1,259 | 1,259 | 604 |
| Catering | - | 95,602 | 95,602 | 23,974 |
| Interest and finance costs | - | (8,000) | (8,000) | (2,000) |
| Other support costs | - | 16,739 | 16,739 | 5,682 |
| | <u>-</u> | <u>1,135,393</u> | <u>1,135,393</u> | <u>395,365</u> |
| Total costs | <u>15,446</u> | <u>3,321,026</u> | <u>3,336,472</u> | <u>1,664,975</u> |

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

7 Governance costs

| | Unrestricted funds £ | Restricted funds £ | Total 2015 £ | Total 2014 £ |
|---------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Legal and professional fees | - | 43,107 | 43,107 | 41,346 |
| Auditor's remuneration | | | | |
| - Audit of financial statements | - | 6,000 | 6,000 | 6,000 |
| - Other audit costs | - | 4,265 | 4,265 | 4,085 |
| | - | 53,372 | 53,372 | 51,431 |

8 Staff costs

| | 2015 £ | 2014 £ |
|---|-----------|-----------|
| Wages and salaries | 1,859,476 | 1,105,157 |
| Social security costs | 124,799 | 70,750 |
| Other pension costs | 285,439 | 166,040 |
| | 2,269,714 | 1,341,947 |
| Supply teacher costs | 50,723 | 41,497 |
| Restructuring costs | 6,473 | - |
| Staff development and other staff costs | 28,322 | 5,705 |
| | 2,355,232 | 1,389,149 |

The average number of persons (including senior management team) employed by the academy trust during the year expressed as full time equivalents was as follows:

| | 2015 Number | 2014 Number |
|----------------------------|----------------|----------------|
| Teachers | 59 | 53 |
| Administration and support | 8 | 7 |
| Management | 2 | 2 |
| | 69 | 62 |

The number of employees whose annual remuneration was £60,000 or more was:

| | 2015 Number | 2014 Number |
|-------------------|----------------|----------------|
| £70,001 - £75,000 | 1 | - |
| £60,001 - £65,000 | - | 1 |

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

8 Staff costs

(Continued)

Of the employees above, the number participating in pension schemes and the employers' contributions paid on their behalf were as follows:

| | | 2015 | 2014 |
|--------------------------|---------|-------|-------|
| Teachers' Pension Scheme | Numbers | 1 | 1 |
| | £ | 9,969 | 9,425 |

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £6,473 (2014: £nil). Individually, the payments were: £6,250 and £223.

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 (2014: £40,001 - £45,000)

Employer's pension contributions £5,001 - £10,000 (2014: £5,001 - £10,000)

M Barry (teacher)

Remuneration £40,001 - £45,000 (2014: £25,001 - £30,000)

Employer's pension contributions £5,001 - £10,000 (2014: £5,001 - £10,000)

G Holborn (teacher)

Remuneration £35,001 - £40,000 (2014: £20,001 - £25,000)

Employer's pension contributions £5,001 - £10,000 (2014: £5,001 - £10,000)

S Lipthorpe (hlta)

Remuneration £15,001 - £20,000 (2014: £10,001 - £15,000)

Employer's pension contributions £1 - £5,000 (2014: £5,001 - £10,000)

The comparative figures relate to an eight month period.

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

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 2015 was £583 (2014: £535).

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

10 Tangible fixed assets

| | Land and buildings | Assets under construction | Computer equipment | Fixtures, fittings and equipment | Total |
|-----------------------|--------------------|---------------------------|--------------------|----------------------------------|-----------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 September 2014 | 4,324,764 | 137,245 | 9,627 | 11,371 | 4,483,007 |
| Additions | 138,373 | - | 42,392 | 25,043 | 205,808 |
| Transfers | 137,245 | (137,245) | - | - | - |
| At 31 August 2015 | 4,600,382 | - | 52,019 | 36,414 | 4,688,815 |
| Depreciation | | | | | |
| At 1 September 2014 | 54,019 | - | 2,817 | 1,714 | 58,550 |
| Charge for the year | 85,132 | - | 21,114 | 5,624 | 111,870 |
| At 31 August 2015 | 139,151 | - | 23,931 | 7,338 | 170,420 |
| Net book value | | | | | |
| At 31 August 2015 | 4,461,231 | - | 28,088 | 29,076 | 4,518,395 |
| At 31 August 2014 | 4,270,745 | 137,245 | 6,810 | 9,657 | 4,424,457 |

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

11 Debtors

| | 2015 £ | 2014 £ |
|--------------------------------|---------------|---------------|
| Trade debtors | 736 | 316 |
| VAT recoverable | 28,304 | 36,031 |
| Prepayments and accrued income | 63,984 | 49,487 |
| | <u>93,024</u> | <u>85,834</u> |

12 Creditors: amounts falling due within one year

| | 2015 £ | 2014 £ |
|---------------------------------|----------------|----------------|
| Trade creditors | 74,369 | 70,448 |
| Taxes and social security costs | 33,048 | 27,114 |
| Other creditors | 32,351 | 29,398 |
| Accruals | 69,481 | 99,862 |
| Deferred income | 53,002 | 46,210 |
| | <u>262,251</u> | <u>273,032</u> |

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

| 13 | Deferred income | 2015 £ | 2014 £ |
|----|---|---------------|---------------|
| | Deferred income is included within: | | |
| | Creditors due within one year | 53,002 | 46,210 |
| | | <u>53,002</u> | <u>46,210</u> |
| | Total deferred income at 1 September 2014 | 46,210 | - |
| | Amounts credited to the statement of financial activities | (46,210) | - |
| | Amounts deferred in the year | 53,002 | 46,210 |
| | | <u>53,002</u> | <u>46,210</u> |
| | Total deferred income at 31 August 2015 | 53,002 | 46,210 |

Deferred income includes Universal Infant Free School Meals and special educational needs funding received in advance of the next financial period.

| 14 | Funds | Balance at 1 September 2014 £ | Incoming resources £ | Resources expended £ | Gains, losses & transfers £ | Balance at 31 August 2015 £ |
|----|---|-------------------------------------|----------------------------|-------------------------|-----------------------------------|-----------------------------------|
| | Restricted general funds | | | | | |
| | General Annual Grant | 68,912 | 1,868,250 | (1,989,542) | 211,412 | 159,032 |
| | Other DfE / EFA grants | 21,580 | 242,532 | (242,532) | (16,618) | 4,962 |
| | Other government grants | - | 998,454 | (998,454) | - | - |
| | Other restricted funds | 10,000 | - | - | (10,000) | - |
| | | <u>100,492</u> | <u>3,109,236</u> | <u>(3,230,528)</u> | <u>184,794</u> | <u>163,994</u> |
| | Funds excluding pensions | 100,492 | 3,109,236 | (3,230,528) | 184,794 | 163,994 |
| | Pension reserve | (366,000) | - | (32,000) | 3,000 | (395,000) |
| | | <u>(265,508)</u> | <u>3,109,236</u> | <u>(3,262,528)</u> | <u>187,794</u> | <u>(231,006)</u> |
| | Restricted fixed asset funds | | | | | |
| | DfE / EFA capital grants | 5,804 | 390,602 | (5,059) | (369,431) | 21,916 |
| | Inherited fixed asset fund | 4,240,102 | - | (86,275) | - | 4,153,827 |
| | Capital expenditure from GAG or other funds | 178,551 | - | (20,536) | 184,637 | 342,652 |
| | | <u>4,424,457</u> | <u>390,602</u> | <u>(111,870)</u> | <u>(184,794)</u> | <u>4,518,395</u> |
| | Total restricted funds | 4,158,949 | 3,499,838 | (3,374,398) | 3,000 | 4,287,389 |
| | Unrestricted funds | | | | | |
| | General funds | 96,260 | 91,304 | (66,510) | - | 121,054 |
| | | <u>96,260</u> | <u>91,304</u> | <u>(66,510)</u> | <u>-</u> | <u>121,054</u> |
| | Total funds | 4,255,209 | 3,591,142 | (3,440,908) | 3,000 | 4,408,443 |

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

14 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 2015.

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 and building repairs were funded by EFA capital grants. 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 £285,048 as at 31 August 2015.

15 Analysis of net assets between funds

| | Unrestricted funds £ | Restricted funds £ | Fixed asset funds £ | Total funds £ |
|--|----------------------------|--------------------------|---------------------------|------------------|
| Fund balances at 31 August 2015 are represented by: | | | | |
| Tangible fixed assets | - | - | 4,518,395 | 4,518,395 |
| Current assets | 121,054 | 337,609 | 88,636 | 547,299 |
| Creditors falling due within one year | - | (173,615) | (88,636) | (262,251) |
| Defined benefit pension liability | - | (395,000) | - | (395,000) |
| | <u>121,054</u> | <u>(231,006)</u> | <u>4,518,395</u> | <u>4,408,443</u> |

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

16 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 £31,681 (2014: £28,759) were payable to the schemes at 31 August 2015 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 year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the period amounted to £141,764 (2014: £87,644).

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

16 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 Financial Reporting Standard (FRS 17) Retirement Benefits, 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 per cent for employers and 5.5 - 12.5 per cent for employees. The estimated value of employer contributions for the forthcoming year is £107,000 (2014: £94,000).

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.

| Contributions made | 2015 £ | 2014 £ |
|--------------------------|-----------|-----------|
| Employer's contributions | 103,000 | 61,000 |
| Employees' contributions | 41,000 | 24,000 |
| Total contributions | 144,000 | 85,000 |

| Principal actuarial assumptions | 2015 % | 2014 % |
|--|-----------|-----------|
| Rate of increase in salaries | 3.5 | 3.6 |
| Rate of increase for pensions in payment | 2.0 | 2.1 |
| Discount rate for scheme liabilities | 3.8 | 3.7 |
| Inflation assumption (CPI) | 2.0 | 2.1 |

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

| | 2015 Years | 2014 Years |
|----------------------|---------------|---------------|
| Retiring today | | |
| - Males | 23.0 | 22.9 |
| - Females | 25.5 | 25.4 |
| Retiring in 20 years | | |
| - Males | 25.2 | 25.1 |
| - Females | 27.8 | 27.7 |

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

16 Pensions and similar obligations

(Continued)

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

| | 2015 Expected return % | 2015 Fair value £ | 2014 Expected return % | 2014 Fair value £ |
|--|---------------------------------|-------------------------|---------------------------------|-------------------------|
| Equities | | 695,435 | 7.5 | 589,478 |
| Government bonds | | 14,365 | 2.9 | 13,642 |
| Corporate bonds | | 13,520 | 3.3 | 31,592 |
| Cash | | 54,080 | 1.1 | 28,002 |
| Property | | 52,390 | 6.8 | 38,772 |
| Other assets | | 15,210 | 7.5 | 16,514 |
| | | <u>845,000</u> | | <u>718,000</u> |
| Total market value of assets | | 845,000 | | 718,000 |
| Present value of scheme liabilities - funded | | (1,240,000) | | (1,084,000) |
| | | <u>(395,000)</u> | | <u>(366,000)</u> |
| Net pension asset / (liability) | | (395,000) | | (366,000) |

The adoption of FRS 102 in the next accounting period removes the requirement to recognise an expected return on assets item in the profit and loss charge. This item will be replaced with a net financing charge which is based on the discount rate assumption. As the expected return on assets is based on the assumption at the start of the accounting period, assumptions for the expected return on assets are not required at 31 August 2015.

Amounts recognised in the statement of financial activities

| | 2015 £ | 2014 £ |
|--|----------------|----------------|
| Operating costs/(income) | | |
| Current service cost (net of employee contributions) | 143,000 | 77,000 |
| Past service cost | - | - |
| | <u>143,000</u> | <u>77,000</u> |
| Finance costs/(income) | | |
| Expected return on pension scheme assets | (52,000) | (28,000) |
| Interest on pension liabilities | 44,000 | 26,000 |
| | <u>(8,000)</u> | <u>(2,000)</u> |
| Net finance costs/(income) | (8,000) | (2,000) |
| | <u>135,000</u> | <u>75,000</u> |
| Total charge/(income) | 135,000 | 75,000 |

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

16 Pensions and similar obligations

(Continued)

Actuarial gains and losses recognised in the statement of financial activities

| | 2015 £ | 2014 £ |
|---|----------------|----------------|
| Actuarial (gains)/losses on assets: actual return less expected | 64,000 | (4,000) |
| Experience (gains)/losses on liabilities | (67,000) | 105,000 |
| (Gains)/losses arising from changes in assumptions | - | - |
| Total (gains)/losses | (3,000) | 101,000 |
| Cumulative (gains)/losses to date | 98,000 | 101,000 |

Movements in the present value of defined benefit obligations

| | 2015 £ | 2014 £ |
|------------------------------------|--------------------|--------------------|
| Obligations at 1 September 2014 | (1,084,000) | - |
| Obligations acquired on conversion | - | (853,000) |
| Current service cost | (143,000) | (77,000) |
| Interest cost | (44,000) | (26,000) |
| Contributions by employees | (41,000) | (24,000) |
| Actuarial gains/(losses) | 67,000 | (105,000) |
| Benefits paid | 5,000 | 1,000 |
| At 31 August 2015 | (1,240,000) | (1,084,000) |

Movements in the fair value of scheme assets

| | 2015 £ | 2014 £ |
|-------------------------------|----------------|----------------|
| Assets at 1 September 2014 | 718,000 | - |
| Assets acquired on conversion | - | 602,000 |
| Expected return on assets | 52,000 | 28,000 |
| Actuarial gains/(losses) | (64,000) | 4,000 |
| Contributions by employers | 103,000 | 61,000 |
| Contributions by employees | 41,000 | 24,000 |
| Benefits paid | (5,000) | (1,000) |
| At 31 August 2015 | 845,000 | 718,000 |

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

| | | | | |
|---|----------------------------|-------------------|-------------------------|--------------------------|
| 16 Pensions and similar obligations | (Continued) | | | |
| History of experience gains and losses | | | | |
| | 2015 | 2014 | | |
| | £ | £ | | |
| Present value of defined benefit obligations | (1,240,000) | (1,084,000) | | |
| Fair value of share of scheme assets | 845,000 | 718,000 | | |
| Surplus / (deficit) | <u>(395,000)</u> | <u>(366,000)</u> | | |
| Experience adjustment on scheme assets | (64,000) | 4,000 | | |
| Experience adjustment on scheme liabilities | <u>67,000</u> | <u>(105,000)</u> | | |
| 17 Reconciliation of net income to net cash inflow/(outflow) from operating activities | 2015 | 2014 | | |
| | £ | £ | | |
| Net income | 150,234 | 4,356,209 | | |
| Capital grants and similar income | (390,602) | (7,538) | | |
| Net deficit/(surplus) transferred on conversion | - | (4,317,113) | | |
| Investment income | (841) | (292) | | |
| Defined benefit pension costs less contributions payable | 40,000 | 16,000 | | |
| Defined benefit pension finance costs/(income) | (8,000) | (2,000) | | |
| Depreciation of tangible fixed assets | 111,870 | 58,550 | | |
| (Increase)/decrease in debtors | (7,190) | (85,834) | | |
| Increase/(decrease) in creditors | <u>(10,781)</u> | <u>273,032</u> | | |
| Net cash inflow/(outflow) from operating activities | <u>(115,310)</u> | <u>291,014</u> | | |
| 18 Reconciliation of net cash flow to movement in net funds | 2015 | 2014 | | |
| | £ | £ | | |
| Increase/(decrease) in cash | 70,325 | 383,950 | | |
| Net funds at 1 September 2014 | 383,950 | - | | |
| Net funds at 31 August 2015 | <u>454,275</u> | <u>383,950</u> | | |
| 19 Analysis of net funds | At 1 September 2014 | Cash flows | Non-cash changes | At 31 August 2015 |
| | £ | £ | £ | £ |
| Cash at bank and in hand | <u>383,950</u> | <u>70,325</u> | <u>-</u> | <u>454,275</u> |

SUNNYSIDE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

20 Commitments under operating leases

At 31 August 2015 the academy trust had annual commitments under non-cancellable operating leases as follows:

| | 2015 £ | 2014 £ |
|------------------------------|---------------|---------------|
| Expiry date: | | |
| - Within one year | 309 | - |
| - Between two and five years | 38,189 | 39,601 |
| | <u>38,498</u> | <u>39,601</u> |

21 Related parties

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.

22 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.