

Company Registration No. 08906809 (England and Wales)

**EASTERSIDE ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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# **EASTERSIDE ACADEMY**

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# EASTERSIDE ACADEMY

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

L James  
D Foster  
R Parker  
Dr J Reay  
A Ballantyne

### Trustees

L James (Resigned 16 June 2015)  
D Foster (Chair person)  
R Parker  
Dr J Reay  
A Ballantyne (Resigned 16 June 2015)  
Reverend A Grange (Resigned 23 February 2015)  
C Drew  
Councillor M Carr  
D Linacre (Accounting Officer)  
J Oliver  
H Solan  
S Hunton (Staff trustee)  
C Thomas (Staff trustee)  
R Saber (Appointed 24 March 2015)  
R J Donnison (Appointed 24 March 2015)

### Senior management team

- Headteacher
- Deputy Headteacher
- School Business Manager
- TLR
- TLR
- TLR

D Linacre  
C Thomas  
P Pennock  
L O'Malley  
H Seymour  
S Hunton

### Company registration number

08906809 (England and Wales)

### Registered office

Erith Grove  
Easterside  
Middlesbrough  
TS4 3RG

### Independent auditor

Evolution Business and Tax Advisors LLP  
Wynyard Park House  
Wynyard Avenue  
Wynyard  
TS22 5TB

### Bankers

Lloyds Bank plc  
5th Floor  
102 Grey Street  
Newcastle upon Tyne  
NE1 6AG

# **EASTERSIDE ACADEMY**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

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### **Solicitors**

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

# **EASTERSIDE ACADEMY**

## **TRUSTEES' REPORT**

### **FOR THE YEAR ENDED 31 AUGUST 2015**

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The trustees present their annual report together with the accounts and independent auditor's reports of the charitable company for the period from 1st 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 an academy for pupils aged 3 to 11 serving a catchment area in Middlesbrough, in the north east of England. It has a pupil capacity of 294 and had a roll of 300 in the school census on 21st May 2015 including 52 part time nursery places.

#### **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. This document is available on the academy's website. The company was incorporated on 28th February 2014 and the date of conversion to an Academy Trust was 1st April 2014.

The governors act as the trustees for the charitable activities of Easterside Academy and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Easterside Academy.

Details of the governors who served throughout the period are included in the Reference and Administrative Details on page 1.

##### Members' liability

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

##### Trustees' indemnities

Every governor of the academy trust shall be indemnified out of the assets of the academy trust against any liability incurred by him/her in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he/she is acquitted or in connection with any application in which relief is granted to him/her by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy trust.

# **EASTERSIDE ACADEMY**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2015**

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

The Academy Trust has 5 Members, 3 of which are Governors and including the Chair of Governors. The Secretary of State has the right to appoint a Member and the Members have the right to appoint additional Members from the Governing Body.

No limit has been imposed on the number of Governors that may serve on the Governing Body although it should never be less than 3. At 31 August 2015, the Academy Trust had 10 Governors of which 1 was appointed by the Discovery Alliance, 2 were elected by parents, 2 were elected by the staff of the Academy and 2 were appointed by the local authority. The term of office for any Governor is 4 years and, subject to eligibility, Governors may be re-appointed or re-elected.

The Governors who served on the Governing Body from the 1st September 2014 to 31 August 2015 are listed in the reference and administrative details on page 3 and within the attached attendance sheets.

When recruiting and appointing or electing trustees, the Members may appoint up to 3 Community Governors and they may appoint Staff Governors through such process as they may determine. The total number of Governors (including the Head) who are employees of the Academy Trust should not exceed one third of the total number of Governors.

The Parent Governors are elected by Parents of registered pupils at the Academy. A Parent Governor must be a Parent of a registered pupil at the Academy at the time when he or she is elected. The Governing Body shall make all necessary arrangements for, and determine all other matters relating to, an election of Parent Governors, including any question of whether a person is a Parent of a registered pupil at the Academy. Any election of Parent Governors which is contested shall be held by secret ballot.

The arrangements made for the election of a Parent Governor shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if he or she prefers, by having his or her ballot paper returned to the Academy Trust by a registered pupil at the Academy.

Where a vacancy for a Parent Governor is required to be filled by election, the Governing Body will take such steps as are reasonably practical to secure that every person who is known to them to be a Parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, informed that he or she is entitled to stand as a candidate, and vote at the election, and given an opportunity to do so.

The number of Parent Governors required shall be made up by Parent Governors appointed by the Governing Body if the number of Parents standing for election is less than the number of vacancies.

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 Trust as a Co-opted Governor if thereby the number of Governors who are employees of the Academy Trust would exceed one third of the total number of Governors (including the Head).

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

The Governing Body has designated the Head Teacher as well as the Chair Person as the Governor/s responsible for the induction and training of Governors. All new Governors have received an induction from the Head Teacher and a pack of training materials including the schools Code of Conduct, DfE guide for School Governors, previous minutes of meetings, the Articles of Association and Funding Agreement and the School Improvement Plan. Governor training is listed as a standing item on agendas for full Governing Body meetings. New Governors are provided with a mentor during their first term of office.

# **EASTERSIDE ACADEMY**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2015**

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### Organisational structure

The Academy has a leadership structure which consists of the Trustees, The Senior Leadership Team and Middle Leaders (see attached Staffing Structure diagram). The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governing Body are responsible for setting the vision and aims of the Academy, adopting and monitoring the annual school improvement plan and budget and making major strategic decisions about the future of the Academy, capital expenditure and senior staff appointments.

The Senior Leadership Team consisting of the Head Teacher, Deputy Head Teacher, 3 TLR's and the Academy's Business Manager operate as the academy executive and provide regular reports to the Governing Body. The Senior Leadership team is responsible for the operation of the school and adhering to policies and procedures determined by the governing body/directors or the Head Teacher. The Head Teacher has delegated spending authority. The Governing Body has in place a delegation policy showing the limits at which expenditure can be authorised at each level of management within the academy. Some of the Head Teacher's delegation authority will be delivered to members of the Leadership Team and Subject/Area Leaders within limits allocated.

The Head Teacher is the Accounting Officer.

### Related parties and other connected charities and organisations

#### **The Discovery Alliance**

Easterside 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 of the academy is to establish, maintain, manage and develop an inclusive, primary school offering a broad educational curriculum to 3 - 11 year olds.

The principle objectives of the academy are:

# EASTERSIDE ACADEMY

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

<p><b>Achievement –</b></p> <p>a. to improve the attainment of all pupils within the school</p> <p>b. to promote the individual achievement of all through a creative curriculum</p>	<ul style="list-style-type: none"> <li>• by emphasis on the teaching of core subjects</li> <li>• by providing a broad, balanced curriculum</li> <li>• by continuous improvement of attainment as measured by SATs results</li> <li>• by encouraging and supporting all pupils to achieve their personal best</li> <li>• by the use of individual pupil target setting</li> <li>• by providing opportunities for pupils to become independent learners</li> <li>• by support for pupils with special educational needs, EAL, and more able and talented pupils</li> <li>• by continuously reviewing and enhancing curriculum provision, particularly through ICT, the arts, sport and enrichment activities</li> </ul>
<p>c) to improve the quality of teaching</p>	<ul style="list-style-type: none"> <li>• by enhancing and developing the skills of the staff through in service training and feed back</li> <li>• by encouraging innovation</li> <li>• by providing opportunities for the staff to develop and share their individual skills and interests</li> <li>• by ensuring that teachers and other adults in the school assume a leadership role by consistently providing a good role model for staff and pupils</li> <li>• by using performance management as a tool to secure continuous improvement by developing the role of support staff</li> </ul>
<p><b>Community-</b></p> <p>a) to develop and promote the school as a community</p>	<ul style="list-style-type: none"> <li>• by ensuring that the values of the school are put into practice in all aspects of the school's activities</li> <li>• by ensuring full and effective consultation with pupils, staff, parents and governors, as appropriate</li> <li>• by ensuring that there are effective systems of communication for pupils, staff, and governors</li> <li>• by promoting a climate of empathy, tolerance, understanding and good behaviour by providing a pleasant modern, well maintained and resourced working environment for all</li> </ul>
<p>b) to develop and promote the school in the community</p>	<ul style="list-style-type: none"> <li>• by encouraging parents to become involved in the school and to use it as a resource</li> <li>• by increasing parental involvement in their children's learning and achievements</li> <li>• by utilising the school buildings and facilities for the benefit of the community</li> <li>• by actively contributing to community initiatives</li> <li>• by increasing cooperation with partner organisations</li> </ul>



# EASTERSIDE ACADEMY

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2015**

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### Objectives, strategies and activities

<b>Communication-</b>  <b>a) to improve home school relationships</b>	<ul style="list-style-type: none"><li>• by producing regular, high quality newsletters that celebrate success and offer information</li><li>• by regular contact with parents individually or collectively by offering appropriate support and challenge to promote the well being of pupils</li></ul>
<b>b) to underpin both achievement and community objectives with high quality systems of communication</b>	<ul style="list-style-type: none"><li>• by supporting and developing teamwork within the staff – within teams and between teams - teaching and non teaching staff – and between pupils</li><li>• by improving the quality of rewards and certificates for pupils</li><li>• by continuously improving communication between all staff; staff and governors; Head Teacher and governors; staff and pupils</li><li>• by pursuing links with a range of partners</li><li>• by providing information to the local media to promote the achievements of the school to the wider community of Easterside and Middlesbrough</li></ul>

# **EASTERSIDE ACADEMY**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2015**

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The main objectives for the period to 31 August 2015 were incorporated into the 2014 - 2015 School Improvement Plan and grouped under 4 headings: Attainment and progress; teaching and learning; behaviour and safety; leadership and management. Progress was reported to the Governing Body via a standing item on the Governing Body agenda.

The strategic approach to Academy improvement has been to identify clear, achievable objectives linked to our aims and public accountabilities. Our leadership structure identifies those people who are accountable for achieving the outcomes in different areas of the school. We allocate responsibilities and resources as appropriate, monitor progress and intervene to combat underperformance. All staff are involved in the writing of the School Improvement Plan and subject/area leaders write, monitor and evaluate their own action plans annually. All teachers participate in annual performance management reviews.

- **To improve the quality of teaching and learning to good or better across the school.**

During this period the school continued to place great emphasis on continuous professional development (CPD) in order to raise standards and in particular the quality of teaching. All staff are encouraged to develop their skills through internal and external CPD and to reflect, evaluate and measure impact. As well as an annual CPD plan being written, lesson observations and the performance management process also allow for relevant CPD to be planned for. The % of good and outstanding teaching continued to rise during this period.

- **To continue to raise standards of attainment in English and Maths, across the whole school ensuring children make at least good progress in reading, writing and maths from their starting point.**

During this period both the English and Maths leaders wrote detailed annual action plans as part of the School Improvement Plan. These were written following an evaluation of the previous year's plan, monitoring outcomes and an analysis of pupil progress across the school and end of year attainment and data. The Academy's agreed policies and practices for these areas were updated and shared with all staff. All teaching staff's performance management objectives, including teaching assistants were tightly linked to specific areas within this school objective and pupil progress meetings were carried out with Senior Leadership members half termly.

- **To further improve attendance to achieve our target of 95.5% and those achieving 100% attendance each term**

The Academy continued to employ Education Welfare Ltd for another year to monitor and address any attendance or punctuality issues in partnership with the Head Teacher and the school's attendance team. Further initiatives were introduced for parents and pupils to increase awareness of what was acceptable attendance and what wasn't, as well as incentives for pupils to achieve 100% attendance termly. In the Autumn Term attendance stood at 95.7% and the highest it has ever been, however the Spring Term was hit with sickness. This impacted significantly on the attendance across the school bringing it down to 95%. In the Summer Term further incentives were put in place and at the end of the year the Academy had sustained the 95%. Although the attendance has dipped during this year it remained successful in areas. Punctuality was halved across the school; the number of holidays taken has reduced considerably; and the number of pupils achieving 100% attendance has increased. This included 100% attendance for the year which improved from 18 to 29 children. At the end of 2013 only 4 children received 100% attendance for the year.

- **To further develop the aesthetics of the outdoor environment to improve the learning environment and support outstanding teaching and learning.**

During this period the Academy continued to develop the outdoor environment and establish its allotment, pond, fire pit, woodland area, stage area etc within the Academy's curriculum. This was done through CPD including outdoor practitioners coming in to plan and work alongside teaching staff to deliver lessons for all subjects outdoors through a progression of sessions. Through formal lesson observations with the Local Authority, the use of the outdoor environment was seen to have a significant impact on pupils learning and progress. At the end of the Autumn Term the Academy was awarded the 'Learning Outside the Classroom' (LOtC) Bronze Award.

# **EASTERSIDE ACADEMY**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2015**

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#### Public benefit

In setting our objectives and planning our activities the governors have given careful consideration to the Charity Commission's general guidance on public benefit.

#### **Strategic report**

##### Achievements and performance

The Academy has now completed its first year of operation and has more pupils than its previous year. The total number of pupils has increased from 277 at the end of August 2014 to 300 at the end of August 2015. This includes 52 part time nursery places.

End of Key Stage attainment for 2015 has maintained and in some areas continued the Academy's journey to improve. At the end of Key Stage 2 results are above the national average and in some cases, significantly above.

The monitoring of Teaching and Learning is an important measure of our Achievements and Standards, this included Lesson Observations, Learning Walks and various Planning and Work Scrutiny activities. These are carried out within a planned and fixed schedule and enabled both Senior and Middle Leaders to target appropriate intervention. To ensure that standards are continually assessed, the Academy operates a programme of lesson observations, which are undertaken by the Senior Leadership Team and validated by the Local Authority. Subject Leaders also carry out lesson observations and learning walks as part of the monitoring and self evaluating process. Lesson observations this year have shown the % of both good and outstanding teaching to have risen again.

This year the Academy has been awarded the following Quality Marks:

- Learning Outside the Classroom (LOtC) Bronze Award.
- Sainsbury's Silver Games Award.
- Investors in People (IIP).

During the year the Academy successfully completed further development of the building in order to increase its capacity and pupils on roll. This has included turning another room back into a classroom ready for September 2015; extending both the boys and girls toilet facilities at the upper end of the school; adapting a KS2 classroom to be used as a KS1 (Y2) classroom at the upper end of the school, including building an outdoor decked area to extend the classroom space and enable areas to be included such as construction, water/sand. The ICT suite has also been adapted to provide two rooms – one ICT room and one intervention/ small group room at KS2. And finally toilets in a reception classroom have been relocated to extend the teaching and learning space and help facilitate our reception unit from September 2015 onwards. Our admission number has now risen from 42 to 45.

Continued professional development for staff has been very successful this year with two members of staff completing their second year of the Developing Future Leaders Course; one member of staff completing their first year and another member of staff completing the 'Outstanding Teacher' course – all ran by the LA and Middlesbrough Teaching School Alliance.

The Academy has established close links with the other five school's within the Discovery Alliance. The six academies held their first joint Professional Development Day and have embarked on mutual staff development, with the primary aim of driving up standards. This has included the Senior Leadership Teams receiving joint CPD for lesson observations; Ofsted readiness and Target Tracker.

# EASTERSIDE ACADEMY

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

### Key performance indicators

#### EYFS

Good Level of Development (GLD):

	<u>Easterside Academy 2013</u>	<u>Easterside Academy 2014</u>	<u>Easterside Academy 2015</u>
	33%	55%	62%
<u>National</u>	52%	60%	

### Phonics Screening

	<u>National 2014</u>	<u>Easterside Academy 2013</u>	<u>Easterside Academy 2014</u>	<u>Easterside Academy 2015</u>
		<i><u>*(not including our KS1 Infant Assessment Class)</u></i>	<i><u>*(not including our KS1 Infant Assessment Class)</u></i>	<i><u>*(not including our KS1 Infant Assessment Class)</u></i>
PHONICS: Met the standard at end of Y1	74	69% (77%)	70% (81%)	81% (87%)
PHONICS: Met the standard at end of Y2	66	79% (100%)	64% (100%)	50% (100%)

# EASTERSIDE ACADEMY

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

### KS1

	<b><u>National 2014</u></b>	<b><u>Easterside Academy 2013</u></b>  <b><u>*(not including our KS1 Infant Assessment Class)</u></b>	<b><u>Easterside Academy 2014</u></b>  <b><u>*(not including our KS1 Infant Assessment Class)</u></b>	<b><u>Easterside Academy 2015</u></b>  <b><u>*(not including our KS1 Infant Assessment Class)</u></b>
KS1:Achieving Level 2b + in Reading	81	64% (69%)	67% (76%)	67% (79%)
KS1:Achieving Level 2b + in Writing	70	67% (72%)	58% (65%)	62% (72%)
KS1:Achieving Level 2b + in Maths	80	67% (72%)	67% (76%)	65% (75%)
KS1:Achieving Level 2a + in Reading		20% (21%)	33% (38%)	35% (41%)
KS1:Achieving Level 2a + in Writing		20% (21%)	21% (24%)	24% (28%)
KS1:Achieving Level 2a + in Maths		23% (24%)	24% (28%)	22% (25%)

# EASTERSIDE ACADEMY

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2015**

### KS2

	<u>National 2014</u>	<u>Easterside Academy 2013</u>	<u>Easterside Academy 2014</u>	<u>Easterside Academy 2015</u>
<b>KS2:Achieving Level 4+ in Reading</b>	<b>89</b>	<b>100%</b>	<b>100%</b>	<b>97%</b>
<b>KS2:Achieving Level 4+ in Writing</b>	<b>85</b>	<b>100%</b>	<b>95%</b>	<b>97%</b>
<b>KS2:Achieving Level 4+ in Maths</b>	<b>86</b>	<b>100%</b>	<b>100%</b>	<b>91%</b>
<b>KS2:Achieving Level 4+ in GPS</b>	<b>76</b>	<b>81%</b>	<b>90%</b>	<b>85%</b>
<b>KS2 L4+ Combined RWM floor standard</b>	<b>79</b>	<b>100%</b>	<b>95%</b>	<b>91%</b>
<b>KS2:Achieving Level 5+ in Reading</b>	<b>50</b>	<b>63%</b>	<b>70%</b>	<b>36%</b>
<b>KS2:Achieving Level 5+ in Writing</b>	<b>33</b>	<b>31%</b>	<b>45%</b>	<b>39%</b>
<b>KS2:Achieving Level 5+ in Maths</b>	<b>42</b>	<b>75%</b>	<b>35%</b>	<b>48%</b>
<b>KS2:Achieving Level 5+ in GPS</b>	<b>52</b>	<b>56%</b>	<b>70%</b>	<b>64%</b>
<b>KS2 L5+ combined RWM</b>	<b>24</b>	<b>31%</b>	<b>30%</b>	<b>27%</b>

# EASTERSIDE ACADEMY

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

### Progress

	<u>National 2014</u>	<u>Easterside Academy 2013</u>	<u>Easterside Academy 2014</u>	<u>Easterside Academy 2015</u>
2+ level progress KS1- KS2 in Reading	91	94%	100%	100%
2+ level progress KS1- KS2 in Writing	93	94%	100%	100%
2+ level progress KS1- KS2 in Maths	89	100%	100%	97%
3 level progress KS1- KS2 in Reading	35	50%	50%	46%
3 level progress KS1- KS2 in Writing	33	38%	35%	46%
3 level progress KS1- KS2 in Maths	35	69%	45%	52%

### Attendance

(\*Including Reception children)

<u>National 2013</u>	<u>Easterside Academy 2013</u>	<u>Easterside Academy 2014</u>	<u>Easterside Academy 2014</u>
95.2	93.8	95.3	95

### Going concern

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

# **EASTERSIDE ACADEMY**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2015**

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#### **Financial review**

Most of the academy's income is received from the 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 ending 31 August 2015 and the associated expenditure are shown in the attached Year End Audited Accounts.

During the period from 1 September 2014 until 31 August 2015 total expenditure of £1,543,778 was more than covered by the recurrent grant funding from the EFA together with other incoming resources. The outturn balance at 31 August 2015 by the Academy was £20,249. This balance is budgeted to be largely utilised for the educational benefit of pupils on roll at the Academy. As there is no longer any substantial grant for capital projects, money has to be 'reserved' for major projects as specified in the attached Outturn Plan. This is to support the increase in pupils on roll and ensuring the Academy's building is able to facilitate its capacity.

At 31 August 2015 the net book value of fixed assets was £2,473,336. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The buildings and other assets were transferred to the Academy upon conversion. The land is leased from Middlesbrough Local Authority for 125 years on a peppercorn rent of £0 per annum. Land and buildings were professionally valued on 1 April 2014 at £2,451,000. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity to the financial statements.

Key financial policies reviewed during the period 1 September 2014 until 31 August 2015 include: Statement of Governors' Responsibilities; Statement of Internal Control and The Academy's Financial Procedures which lays out the framework for financial management, including financial responsibilities of Trustees, Head Teacher, School Business Manager, budget holders and other staff, as well as delegated authority for spending. Other policies are reviewed and updated regularly.

Trustees have adopted a Responsible Officer Policy and have appointed Mr Sean Hogg from Mouchel to undertake a programme of internal checks on financial controls. Trustees received termly reports from the Responsible Officer which contained no matters of significance.

#### **Reserves policy**

The governors review the reserves levels of the academy annually. The review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The educational obligations that the academy has on a day to day basis are funded from its budget plan, if there are any restricted reserves these are held and only used for these purposes.

The governors ensure that the academy has sufficient working capital to cover any delays which may occur between spending and receipt of any grants due and will be able to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds held less the amount held in fixed assets and restricted funds) is £102,939.

Taking into account the nature of the academy's income streams, the governors are of the view that the reserves at this level are sufficient to cover its working capital needs.

#### **Investment policy and powers**

The policy is reviewed by the Finance and Staffing Committee. The Trust will regularly monitor cash flow and account balances to ensure financial commitments can be met. The Academy's current policy is to only invest funds in risk free and immediately accessible deposit accounts.

The academy regularly reviews the level of funds which are not immediately required as working capital and would only invest this on the UK money market in a treasury deposit account with a High Street institution to maximise interest. The academy will not invest funds in overseas financial institutions.



# **EASTERSIDE ACADEMY**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2015**

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#### Principal risks and uncertainties

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas, and its finances.

The Trustees have implemented a system to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety and trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Academy has undertaken a full review of the main areas of risks which it faces. This includes all health and safety and child protection policies and procedures. In addition a review of all financial risks is undertaken on a regular basis.

The Academy has a formal risk management process to assess business risks and to implement risk management strategies. This process involves identifying the types of risks the Academy faces, scoring and prioritising the risks in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks. A Risk Register is maintained and reviewed on a regular basis by the Internal Auditor and Governing Body.

#### **Plans for future periods**

The Academy has a school improvement plan (SIP) which sets out its core objectives for the forthcoming academic year under the following themes: Teaching and learning; behaviour and safety; attainment and progress; leadership and management. The SIP includes a 3 year financial plan. Incorporated into the SIP are areas for development identified by Ofsted in 16 – 17 January 2013.

The future plans for the Academy include the following objectives:

- Continuing to improve outcomes for pupils.
- Secure the quality of teaching at consistently good and outstanding in all areas of the school in order to raise progress and attainment.
- Develop the partnership within the Discovery Alliance.
- Continue to improve outdoor provision for teaching and learning, including sports facilities.
- Improve and develop the use of ICT to support teaching and learning.
- Improve and develop the building/teaching and learning spaces and provision in order to support rising pupil numbers.

# **EASTERSIDE ACADEMY**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2015**

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### **Auditor**

The governors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the governors have confirmed that they have taken all the steps they ought to have taken as governors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

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 2.12.15..... and signed on its behalf by:

.....

D Foster

**Chair person**

# EASTERSIDE ACADEMY

## GOVERNANCE STATEMENT

### FOR THE YEAR ENDED 31 AUGUST 2015

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#### Scope of responsibility

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

The governing body has delegated the day-to-day responsibility to the Head Teacher, 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 Easterside Academy and the Secretary of State for Education. She is also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

#### Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body undertook a governor review on 29th July 2014 and continued a further review in February 2015. Outcomes from the review process have informed the School Improvement Plan. The governing body has formally met four times during the period from 1st September 2014 to 31st August 2015.

#### Full Governing Body Meetings

The full governing met formally on four occasions (2 December 2014, 24 March 2015, 12 May 2015 and 16 June 2015) during the academic year. Attendance at these meetings was as follows:-

Trustees	Meetings attended	Out of possible
L James (Resigned 16 June 2015)	3	4
D Foster (Chair person)	4	4
R Parker	0	0
Dr J Reay	3	4
A Ballantyne (Resigned 16 June 2015)	3	4
Reverend A Grange (Resigned 23 February 2015)	1	1
C Drew	2	4
Councillor M Carr	3	4
D Linacre (Accounting Officer)	4	4
J Oliver	4	4
H Solan	0	0
S Hunton (Staff trustee)	4	4
C Thomas (Staff trustee)	4	4
R Saber (Appointed 24 March 2015)	2	2
R J Donnison (Appointed 24 March 2015)	1	2

Mrs L James, Community Governor resigned with effect from 17 June 2015. She was appointed as Chair on 2 December 2014.

Mr A Ballantyne, Community Governor resigned with effect from 17 June 2015.

Reverend M Grange, Community Governor resigned with effect from 23 February 2015.

# EASTERSIDE ACADEMY

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2015

The Finance and Resources Committee had met on two occasions from the period 1 April 2014 to 31 August 2014.

The Finance Committee's purpose is to assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity. The Finance committee also carry out the role of the audit committee.

The Finance and Resources Committee met on three occasions (20 November 2014, 5 March 2015 and 20 May 2015) during the academic year. Attendance at these meetings was as follows:-

Trustees	Meetings attended	Out of possible
L James (Resigned 16 June 2015)	2	3
D Foster (Chair person)	3	3
Dr J Reay	2	3
Reverend A Grange (Resigned 23 February 2015)	1	1
D Linacre (Accounting Officer)	3	3
C Thomas (Staff trustee)	1	1
R Saber (Appointed 24 March 2015)	1	1

Mrs James resigned as a Community Governor with effect from 17 June 2015

Reverend M Grange resigned as a Community Governor with effect from 23 February 2015

Mrs Pennock, School Business Manager attends meetings in an advisory capacity

Mr Foster was appointed as Chair of the Finance and Resources committee on 20 November 2014.

The Trust Board met on one occasion (2 December 2014) during the academic year.

Attendance at this meeting was as follows:-

Trustees	Meetings attended	Out of possible
L James (Resigned 16 June 2015)	1	1
D Foster (Chair person)	1	1
R Parker	1	1
Dr J Reay	1	1
A Ballantyne (Resigned 16 June 2015)	1	1
D Linacre (Accounting Officer)	1	1

#### Review of value for money

As accounting officer the Head Teacher 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 applying the four basic principles of best value:

# EASTERSIDE ACADEMY

## GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

Challenge	Compare
Is the school's performance high enough? Why and how is the service provided? Do we still need it? Can it be delivered differently? What do parents want?	How does the school's pupil performance and financial performance compare with all schools?  How does it compare with Middlesbrough schools?  How does it compare with other similar schools?
Consult	Compete
How does the school seek the views of stakeholders about the services the school provides?	How does the school secure efficient and effective services?  Are services of appropriate quality, economic?

The academy does this by the following:

**Compete** by applying the principles of best value when making decisions about:

- The allocations of resources, to best promote the mission statement, aims and values of our school.
- The targeting of resources to best improve standards and the quality of provision.
- The use of resources to best support the various learning needs of all pupils, staff, parents and governors.

**Compare** with other/similar schools using data provided by the LA and the Government, e.g. Benchmarking, Raise online, quality of teaching and learning, levels of expenditure.

**Challenge** proposals, examining them for effectiveness, efficiency, and cost, e.g. Setting annual pupil achievement targets, extended service provision.

**Consult** individuals and organisations on quality/suitability of service we provide to parents and pupils, and services we receive from providers, by means of questionnaires and verbal feedback.

This applies in particular to:

- Staffing
- Quality of teaching and learning
- Use of resources
- Learners' welfare and emotional well-being
- Suitability of premises
- Procurement
- Health and safety

# **EASTERSIDE ACADEMY**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2015**

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control is in place in Easterside Academy for the period between 1 September 2014 and 31 August 2015 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The governing body has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period between 1 September 2014 and 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

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

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

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

# EASTERSIDE ACADEMY

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2015

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The Board of Trustees have appointed Mr S Hogg as internal auditor from Mouchel, along with Evolution (accountants) as our external auditors.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On an annual basis the internal auditor reports to the Board of Trustees through the Finance Committee, on the operation of systems of control and on the discharge of the board's financial responsibilities.

The board of Trustee's can confirm that the internal auditor has delivered his schedule of work as planned and as a result is of the overall opinion that Easterside Academy is operating an acceptable internal control environment, but there are a number of improvements that could increase its consistency and effectiveness.

This includes the following points; Finance reports have been submitted to governors on a regular basis during 2014/15. It is recommended that finance reports are produced and presented to the head teacher and budget holders monthly and to the governors at least termly.

The financial procedures document could contain more detail regarding procedures for income, expenditure and reconciliation. It is recommended that guidance for SAGE50 procedures be included.

Access rights in SAGE 50 are not being used to full potential to ensure adequate separation of duties. It is recommended that the access rights are reviewed as to whether separation of duties can be enhanced on the Sage 50 database.

#### Review of effectiveness

As Accounting Officer, the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control supported by the Academy's Business Manager Mrs P Pennock. During the period in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditor;
- A review from the EFA
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of the internal control by the Finance Committee and a plan to address weaknesses (if relevant) and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 2/12/15 and signed on its behalf by:



D Foster  
Chair person



D Linacre  
Accounting Officer

# **EASTERSIDE ACADEMY**

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

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As accounting officer of Easterside Academy I have considered my responsibility to notify the academy trust 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 for Education. 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 trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

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 2/12/15 and signed by:



D Linacre  
Accounting Officer



# EASTERSIDE ACADEMY

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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The governors (who act as trustees for charitable activities of Easterside Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Requirements 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 governors to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the board of trustees on 2.12.15 and signed on its behalf by:



D Foster  
Chair person

# **EASTERSIDE ACADEMY**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF EASTERSIDE ACADEMY**

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We have audited the accounts of Easterside Academy for the year ended 31 August 2015 set out on pages 28 to 47. 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 23, the trustees, who are also the directors of Easterside 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.

# **EASTERSIDE ACADEMY**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF EASTERSIDE ACADEMY**

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### **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 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: 7/12/15

# **EASTERSIDE ACADEMY**

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

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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 Easterside 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 Easterside 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 Easterside 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 Easterside Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Easterside Academy's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Easterside Academy's funding agreement with the Secretary of State for Education dated 27 March 2014 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 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

# **EASTERSIDE ACADEMY**

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

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### **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.



### **Reporting Accountant**

Evolution Business and Tax Advisors LLP

Dated: 7/12/15

# EASTERSIDE 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 £
<b><u>Incoming resources</u></b>	<b>Notes</b>					
<i>Resources from generated funds</i>						
- Inherited on conversion		-	-	-	-	2,386,485
- Activities for generating funds	2	30,657	-	-	30,657	11,466
- Investment income	3	268	-	-	268	52
<i>Resources from charitable activities</i>						
- Funding for educational operations	4	-	1,526,217	6,885	1,533,102	638,005
<b>Total incoming resources</b>		<b>30,925</b>	<b>1,526,217</b>	<b>6,885</b>	<b>1,564,027</b>	<b>3,036,008</b>
<b><u>Resources expended</u></b>						
<i>Costs of generating funds</i>						
- Fundraising trading	5	27,323	-	-	27,323	10,666
<i>Charitable activities</i>						
- Educational operations	6	-	1,329,264	129,749	1,459,013	529,349
Governance costs	7	-	57,442	-	57,442	30,867
<b>Total resources expended</b>	<b>5</b>	<b>27,323</b>	<b>1,386,706</b>	<b>129,749</b>	<b>1,543,778</b>	<b>570,882</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>3,602</b>	<b>139,511</b>	<b>(122,864)</b>	<b>20,249</b>	<b>2,465,126</b>
Gross transfers between funds		-	(123,565)	123,565	-	-
<b>Net income/(expenditure) for the year</b>		<b>3,602</b>	<b>15,946</b>	<b>701</b>	<b>20,249</b>	<b>2,465,126</b>
<b><u>Other recognised gains and losses</u></b>						
Actuarial gains/(losses) on defined benefit pension scheme	16	-	(8,000)	-	(8,000)	(48,000)
<b>Net movement in funds</b>		<b>3,602</b>	<b>7,946</b>	<b>701</b>	<b>12,249</b>	<b>2,417,126</b>
Fund balances at 1 September 2014		99,337	(154,846)	2,472,635	2,417,126	-
<b>Fund balances at 31 August 2015</b>		<b>102,939</b>	<b>(146,900)</b>	<b>2,473,336</b>	<b>2,429,375</b>	<b>2,417,126</b>

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.

# EASTERSIDE ACADEMY

## BALANCE SHEET

AS AT 31 AUGUST 2015

	Notes	2015		2014	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10		2,473,336		2,465,751
<b>Current assets</b>					
Debtors	11	131,749		105,485	
Cash at bank and in hand		244,537		176,575	
		376,286		282,060	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	12	(179,247)		(114,685)	
<b>Net current assets</b>			197,039		167,375
<b>Net assets excluding pension liability</b>			2,670,375		2,633,126
Defined benefit pension liability	16		(241,000)		(216,000)
<b>Net assets</b>			2,429,375		2,417,126
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	14				
- Fixed asset funds			2,473,336		2,472,635
- General funds			94,100		61,154
- Pension reserve			(241,000)		(216,000)
<b>Total restricted funds</b>			2,326,436		2,317,789
<b>Unrestricted income funds</b>	14		102,939		99,337
<b>Total funds</b>			2,429,375		2,417,126

The accounts were approved by order of the board of trustees and authorised for issue on 21/2/15

  
D Foster

Chair person

Company Number 08906809

# EASTERSIDE ACADEMY

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2015

	Notes	2015 £	2014 £
Net cash inflow/(outflow) from operating activities	17	198,143	125,159
Cash funds transferred on conversion		-	98,485
<b>Returns on investments and servicing of finance</b>			
Investment income	268		52
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>		268	52
		198,411	223,696
<b>Capital expenditure and financial investments</b>			
Capital grants received	6,885		13,769
Payments to acquire tangible fixed assets	(137,334)		(60,890)
<b>Net cash flow from capital activities</b>		(130,449)	(47,121)
<b>Increase/(decrease) in cash</b>	18	67,962	176,575



# EASTERSIDE ACADEMY

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

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### 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

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.

In the prior year, 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 Easterside 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.

# EASTERSIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2015

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#### 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.

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

Buildings	5% straight line
Computer equipment	50% straight line
Fixtures, fittings and equipment	25% straight line

# EASTERSIDE ACADEMY

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

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### 1 Accounting policies

(Continued)

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.

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.

# EASTERSIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2015

#### 1 Accounting policies

(Continued)

##### 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 £
Catering income	21,461	-	21,461	9,253
Trips	3,128	-	3,128	866
Other income	6,068	-	6,068	1,347
	<u>30,657</u>	<u>-</u>	<u>30,657</u>	<u>11,466</u>

#### 3 Investment income

	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
Short term deposits	<u>268</u>	<u>-</u>	<u>268</u>	<u>52</u>

# EASTERSIDE 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 £
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	1,135,726	1,135,726	476,009
Start up grants	-	-	-	25,000
Capital grants	-	6,885	6,885	13,769
Other DfE / EFA grants	-	227,847	227,847	81,685
	-	1,370,458	1,370,458	596,463
<b>Other government grants</b>				
Local authority grants	-	162,644	162,644	41,542
<b>Total funding</b>	-	1,533,102	1,533,102	638,005

### 5 Resources expended

	Staff costs £	Premises & equipment £	Other costs £	Total 2015 £	Total 2014 £
<b>Academy's educational operations</b>					
- Direct costs	861,102	-	104,360	965,462	346,686
- Allocated support costs	177,189	180,473	135,889	493,551	182,663
	1,038,291	180,473	240,249	1,459,013	529,349
<b>Other expenditure</b>					
Costs of activities for generating funds	-	-	27,323	27,323	10,666
Governance costs	-	-	57,442	57,442	30,867
	-	-	84,765	84,765	41,533
<b>Total expenditure</b>	1,038,291	180,473	325,014	1,543,778	570,882

### Net income/(expenditure) for the year includes:

	2015 £	2014 £
Operating leases		
- Plant and machinery	5,626	1,460
Fees payable to auditor		
- Audit	5,000	5,000
- Other services	8,060	4,525

# EASTERSIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

### 6 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
<b>Direct costs</b>				
Teaching and educational support staff costs	-	846,156	846,156	321,884
Technology costs	-	12,720	12,720	7,030
Educational supplies and services	-	72,403	72,403	15,028
Staff development	-	14,946	14,946	2,744
Other direct costs	-	19,237	19,237	-
	-	965,462	965,462	346,686
<b>Allocated support costs</b>				
Support staff costs	-	177,189	177,189	66,562
Depreciation	-	129,749	129,749	46,139
Technology costs	-	8,192	8,192	8,268
Maintenance of premises and equipment	-	50,724	50,724	16,120
Cleaning	-	4,530	4,530	730
Energy costs	-	18,214	18,214	6,396
Rates and water	-	9,648	9,648	4,985
Insurance	-	18,670	18,670	7,005
Catering	-	67,409	67,409	24,296
Interest and finance costs	-	(7,000)	(7,000)	(1,000)
Other support costs	-	16,226	16,226	3,162
	-	493,551	493,551	182,663
<b>Total costs</b>	-	1,459,013	1,459,013	529,349

### 7 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
Legal and professional fees	-	44,382	44,382	21,342
Auditor's remuneration				
- Audit of financial statements	-	5,000	5,000	5,000
- Other costs	-	8,060	8,060	4,525
	-	57,442	57,442	30,867

# EASTERSIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

### 8 Staff costs

	2015 £	2014 £
Wages and salaries	830,243	324,162
Social security costs	49,064	15,929
Other pension costs	140,279	47,746
	<u>1,019,586</u>	<u>387,837</u>
Supply teacher costs	3,759	609
Staff development and other staff costs	14,946	2,744
	<u>1,038,291</u>	<u>391,190</u>

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	10	12
Administration and support	24	25
Management	3	1
	<u>37</u>	<u>38</u>

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

	2015 Number	2014 Number
60,001 - 70,000	<u>1</u>	<u>-</u>

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	-
	£	<u>7,811</u>	<u>-</u>

# EASTERSIDE ACADEMY

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

### 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, there were no travel and subsistence payments reimbursed to trustees (2014: none).

The value of trustees' remuneration was as follows:

D Linacre (headteacher)

Remuneration £55,001 - £60,000 (2014: £20,001 - £25,000)

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

C Thomas (deputy headteacher)

Remuneration £50,001 - £55,000 (2014: £20,001 - £25,000)

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

S Hunton (staff governor and trustee)

Remuneration £40,001 - £45,000 (2014: £10,001 - £15,000)

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

The comparative figures relate to a five 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 £2,000,000 on any one claim and the cost for the year ended 31 August 2015 was £748 (2014: £800).

### 10 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings and equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 September 2014	2,451,000	3,505	57,385	2,511,890
Additions	115,513	9,159	12,662	137,334
At 31 August 2015	2,566,513	12,664	70,047	2,649,224
<b>Depreciation</b>				
At 1 September 2014	45,854	-	285	46,139
Charge for the year	110,050	4,807	14,892	129,749
At 31 August 2015	155,904	4,807	15,177	175,888
<b>Net book value</b>				
At 31 August 2015	2,410,609	7,857	54,870	2,473,336
At 31 August 2014	2,405,146	3,505	57,100	2,465,751



# EASTERSIDE ACADEMY

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

### 10 Tangible fixed assets

(Continued)

Land and buildings were valued using the Depreciation Replacement Cost Method on 29 November 2013 by Martin Catley MRICS on behalf of Mouchel.

11 Debtors	2015 £	2014 £
VAT recoverable	37,647	26,824
Other debtors	-	2,045
Prepayments and accrued income	94,102	76,616
	<u>131,749</u>	<u>105,485</u>
 12 Creditors: amounts falling due within one year	 2015 £	 2014 £
Trade creditors	116,391	59,508
Taxes and social security costs	14,262	11,704
Other creditors	15,284	14,077
Accruals	17,060	19,194
Deferred income	16,250	10,202
	<u>179,247</u>	<u>114,685</u>
 13 Deferred income	 2015 £	 2014 £
Deferred income is included within:		
Creditors due within one year	<u>16,250</u>	<u>10,202</u>
 Total deferred income at 1 September 2014	 10,202	 -
Amounts credited to the statement of financial activities	(10,202)	-
Amounts deferred in the year	<u>16,250</u>	<u>10,202</u>
 Total deferred income at 31 August 2015	 <u>16,250</u>	 <u>10,202</u>

Deferred income is the Universal Infants Free School Meals funding for the 2015/16 academic year which was received in July 2015, and rates relief received in advance.

# EASTERSIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

### 14 Funds

	Balance at 1 September 2014 £	Incoming resources £	Resources expended £	Gains, losses & transfers £	Balance at 31 August 2015 £
<b>Restricted general funds</b>					
General Annual Grant	61,154	1,135,726	(1,026,007)	(87,565)	83,308
Other DfE / EFA grants	-	227,847	(227,847)	-	-
Other government grants	-	162,644	(115,852)	(36,000)	10,792
	<u>61,154</u>	<u>1,526,217</u>	<u>(1,369,706)</u>	<u>(123,565)</u>	<u>94,100</u>
Funds excluding pensions	(216,000)	-	(17,000)	(8,000)	(241,000)
	<u>(154,846)</u>	<u>1,526,217</u>	<u>(1,386,706)</u>	<u>(131,565)</u>	<u>(146,900)</u>
<b>Restricted fixed asset funds</b>					
DfE / EFA capital grants	13,769	6,885	(3,053)	-	17,601
Inherited fixed asset fund	2,405,146	-	(110,050)	-	2,295,096
Capital expenditure from GAG or other funds	53,720	-	(16,646)	123,565	160,639
	<u>2,472,635</u>	<u>6,885</u>	<u>(129,749)</u>	<u>123,565</u>	<u>2,473,336</u>
<b>Total restricted funds</b>	<u>2,317,789</u>	<u>1,533,102</u>	<u>(1,516,455)</u>	<u>(8,000)</u>	<u>2,326,436</u>
<b>Unrestricted funds</b>					
General funds	99,337	30,925	(27,323)	-	102,939
<b>Total funds</b>	<u>2,417,126</u>	<u>1,564,027</u>	<u>(1,543,778)</u>	<u>(8,000)</u>	<u>2,429,375</u>

# EASTERSIDE 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, universal infant free school meals and the PE and sport grant.

Other government grants includes early years funding for three and four year old children and funding for pupils with special educational needs.

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 which has been fully utilised on asset additions.

The transfer between restricted general and restricted fixed asset funds represent the amount of GAG funding expended on assets capitalised during the period.

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

Unrestricted funds may 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 £197,039 as at 31 August 2015.

#### 15 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Fixed asset funds £	Total funds £
<b>Fund balances at 31 August 2015 are represented by:</b>				
Tangible fixed assets	-	-	2,473,336	2,473,336
Current assets	102,939	273,347	-	376,286
Creditors falling due within one year	-	(179,247)	-	(179,247)
Defined benefit pension liability	-	(241,000)	-	(241,000)
	<u>102,939</u>	<u>(146,900)</u>	<u>2,473,336</u>	<u>2,429,375</u>

# EASTERSIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2015

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#### 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 £15,125 (2014: £13,755) 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 £124,382 (2014: £24,013).

# EASTERSIDE 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% for employers and 5.5 - 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £80,000.

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	54,000	21,000
Employees' contributions	21,000	8,000
Total contributions	75,000	29,000

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

# EASTERSIDE 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		503,676	7.5	366,166
Government bonds		10,404	2.9	8,474
Corporate bonds		9,792	3.3	19,624
Cash		39,168	1.1	17,394
Property		37,944	6.8	24,084
Other assets		11,016	7.5	10,258
		<u>612,000</u>		<u>446,000</u>
Total market value of assets		612,000		446,000
Present value of scheme liabilities - funded		(853,000)		(662,000)
		<u>(241,000)</u>		<u>(216,000)</u>
Net pension asset / (liability)		(241,000)		(216,000)

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 the accounting date.

### Amounts recognised in the statement of financial activities

	2015 £	2014 £
<b>Operating costs/(income)</b>		
Current service cost (net of employee contributions)	78,000	27,000
Past service cost	-	-
	<u>78,000</u>	<u>27,000</u>
Total operating charge	78,000	27,000
<b>Finance costs/(income)</b>		
Expected return on pension scheme assets	(35,000)	(11,000)
Interest on pension liabilities	28,000	10,000
	<u>(7,000)</u>	<u>(1,000)</u>
Net finance costs/(income)	(7,000)	(1,000)
<b>Total charge/(income)</b>	<u>71,000</u>	<u>26,000</u>

# EASTERSIDE 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	43,000	(10,000)
Experience (gains)/losses on liabilities	(35,000)	58,000
(Gains)/losses arising from changes in assumptions	-	-
Total (gains)/losses	8,000	48,000
Cumulative (gains)/losses to date	56,000	48,000

#### Movements in the present value of defined benefit obligations

	2015 £	2014 £
Obligations at 1 September 2014	(662,000)	-
Obligations acquired on conversion	-	(559,000)
Current service cost	(78,000)	(27,000)
Interest cost	(28,000)	(10,000)
Contributions by employees	(21,000)	(8,000)
Actuarial gains/(losses)	35,000	(58,000)
Benefits paid	(99,000)	-
At 31 August 2015	(853,000)	(662,000)

#### Movements in the fair value of scheme assets

	2015 £	2014 £
Assets at 1 September 2014	446,000	-
Assets acquired on conversion	-	396,000
Expected return on assets	35,000	11,000
Actuarial gains/(losses)	(43,000)	10,000
Contributions by employers	54,000	21,000
Contributions by employees	21,000	8,000
Benefits paid	99,000	-
At 31 August 2015	612,000	446,000

# EASTERSIDE ACADEMY

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

<b>16 Pensions and similar obligations</b>	<b>(Continued)</b>			
<b>History of experience gains and losses</b>				
	<b>2015</b>	<b>2014</b>		
	<b>£</b>	<b>£</b>		
Present value of defined benefit obligations	(853,000)	(662,000)		
Fair value of share of scheme assets	612,000	446,000		
Surplus / (deficit)	<u>(241,000)</u>	<u>(216,000)</u>		
Experience adjustment on scheme assets	(43,000)	10,000		
Experience adjustment on scheme liabilities	<u>35,000</u>	<u>(58,000)</u>		
<b>17 Reconciliation of net income to net cash inflow/(outflow) from operating activities</b>	<b>2015</b>	<b>2014</b>		
	<b>£</b>	<b>£</b>		
Net income	20,249	2,465,126		
Capital grants and similar income	(6,885)	(13,769)		
Net deficit/(surplus) transferred on conversion	-	(2,386,485)		
Investment income	(268)	(52)		
Defined benefit pension costs less contributions payable	24,000	6,000		
Defined benefit pension finance costs/(income)	(7,000)	(1,000)		
Depreciation of tangible fixed assets	129,749	46,139		
(Increase)/decrease in debtors	(26,264)	(105,485)		
Increase/(decrease) in creditors	64,562	114,685		
Net cash inflow/(outflow) from operating activities	<u>198,143</u>	<u>125,159</u>		
<b>18 Reconciliation of net cash flow to movement in net funds</b>	<b>2015</b>	<b>2014</b>		
	<b>£</b>	<b>£</b>		
Increase/(decrease) in cash	67,962	176,575		
Net funds at 1 September 2014	176,575	-		
Net funds at 31 August 2015	<u>244,537</u>	<u>176,575</u>		
<b>19 Analysis of net funds</b>	<b>At 1 September 2014</b>	<b>Cash flows</b>	<b>Non-cash changes</b>	<b>At 31 August 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	176,575	67,962	-	244,537



# EASTERSIDE 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	7,469	644
- Between two and five years	-	9,958
	<u>7,469</u>	<u>10,602</u>

### 21 Capital commitments

	2015 £	2014 £
At 31 August 2015 the company had capital commitments as follows:		
Expenditure contracted for but not provided in the accounts	<u>10,436</u>	<u>-</u>

### 22 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. The following related party transaction took place in the period of account.

Stepping Up Together - a company in which Mr D Foster (chair of trustees) is the owner:

- The trust purchased equipment from Stepping Up Together totalling £800 (2014: £nil) during the period. The amount outstanding at 31 August 2015 was £800 (2014: £nil).
- The trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr Foster neither participated in nor influenced
- In entering into the transaction the trust complied with the requirements of EFA's Academies Financial Handbook.

### 23 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.