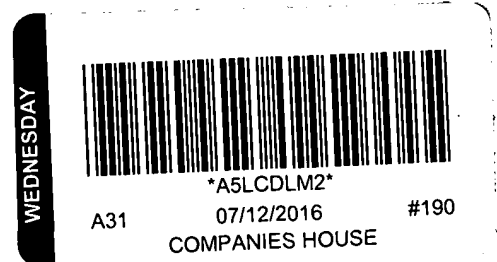


**WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A Company Limited by Guarantee)**

Annual Report and Audited Financial Statements

Year ended 31 August 2016



**Company Registration Number:
07469546 (England and Wales)**

**WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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**WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Ben Hazzledine	ex-officio	
Trevor Kerry	appointed by the members	Appointed 15/12/15
Mark Protheroe	appointed by the members	Appointed 10/1/16
Tim Smith	ex-officio	
Paul Thompson	nominee of Chair of Diocesan Board of Education	
Angela White	ex-officio	Appointed 10/1/16

Trustees

Helen Brittain*	Staff trustee	
Marcus Brittain	Staff trustee	Appointed 24/2/16
Craig Duncan	Parent trustee	
Mark Garthwaite	Parent trustee	
David Grant	Trustee appointed by members	
Kim Harris	Staff trustee	Appointed 19/11/15
Benjamin Hazzledine*	Parent trustee	
Jeffrey Heskins	Foundation trustee	
Yvonne Hill	Foundation trustee	
Simon Hinton*	Staff trustee	
Robin Lee*	Co-opted trustee	
Alistair Logan*	Parent trustee	
Ross Marshall*	Parent trustee	Resigned 10/2/16
Paul Merrell*	Trustee appointed by members	
Steven Perez*	Co-opted trustee	Resigned 6/6/16
Tim Smith	Vice Chair and parent trustee	Appointed 23/2/16
Shaun Stevenson	Trustee appointed by members	
Andrew Stones*	Headteacher and Accounting Officer	Ex-officio
David Subden*	Foundation trustee	
Adam Watson	Foundation trustee	Ex-officio
Angela White*	Chair and trustee appointed by members	
Daryl Wicks-Randy	Parent trustee	Appointed 23/2/16

* members of the Finance Committee

Company Secretary

Sally Coulter

Headteacher and Senior Leadership Team

Andrew Stones	Headteacher	
Jonathan Knowler	Deputy Headteacher	
Simon Pickett	Deputy Headteacher	
Jennifer West	Deputy Headteacher	
Helen Bates	Assistant Headteacher	
Fiona Carruthers	Assistant Headteacher	Retired 2/11/15
Steven Ellis	Assistant Headteacher	
Jane Grant	Assistant Headteacher	
Daniel White	Acting Assistant Headteacher	
Trevor Hughes	School Business Manager	

**WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

Registered office
Lincoln Road
Welton
Lincoln
LN2 3JB

Company Registration Number 07469546 (England and Wales)

Independent Auditor
Duncan & Toplis Ltd
15 Chequergate
Louth
Lincolnshire
LN11 0LJ

Bankers
HSBC Bank plc
Lincoln Stonebow
221 High Street
Lincoln
LN1 1TS

Insurers
Marsh Limited
Education Practice
Capital House
1-5 Perrymount Road
Haywards Heath
West Sussex
RH16 3SY

Solicitors
Legal Services
Lincolnshire County Council
County Offices
Newland
Lincoln
LN1 1YT

TRUSTEES' REPORT

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

The Trust operates as a Church of England Academy for pupils aged 11 to 18 serving a predominantly rural community, just north of Lincoln. At the end of the academic year, there were 1435 students aged 11-18 with a planned capacity of 1500 students (300 students in the sixth form). The school was oversubscribed for entry into Year 7.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The trustees of the Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as William Farr Church of England Comprehensive School.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

A full insurance indemnity is taken out with the Academy's insurance company. Each claim is covered for up to £3,000,000. This is reviewed annually to protect against potential risk.

Method of recruitment and appointment or election of trustees

Details of the trustees who served throughout the year, except as noted, are included in the Reference and Administrative details on pages 1-2.

The number of trustees is not less than three nor more than twenty-three. The members may appoint up to 5 trustees. Other categories of trustees include foundation trustees appointed by the ex-officio foundation trustee, staff trustees elected by the staff, parent trustees elected by parents and co-opted trustees appointed by the trustees. The Headteacher is an ex-officio trustee as well as the incumbent or his/her nominee. Trustees serve for a four-year term. The member trustees and co-opted trustees appointments are based on a skills audit of the trustees to ensure that the trustees bring a rich skills profile to benefit the Academy and its students.

Policies and procedures adopted for the induction and training of trustees

The Academy Trust is keen for all its trustees to receive training. This can range from induction training for new trustees, to training for specific responsibilities (e.g. performance management and health and safety) and new initiatives. Trustees are also encouraged to attend national and local conferences, and access local networking opportunities.

During the year trustees attended the following training courses and conferences: The National Governors' Association National Conference; Diocesan Day Conference for Heads, Chairs and Senior Leaders of Church Schools and Academies; Governing Body Self-Evaluation and Evaluating Impact; Presentations on Multi

Academy Trusts and Biomass. The Clerk successfully completed the National College for Teaching and Leadership's Clerks' Development Programme.

An induction checklist provides new trustees with a range of information, training and support in their role as trustees. The Chair of Governors gives trustees a tour around the Academy and introduces them to the Headteacher and senior staff.

The Governing Body is a member of the National Governors' Association as a gold member, conferring such benefits as legal advice for trustees, conferences, advice and information.

Organisational structure

The organisational structure consists of three levels: the members, the trustees and the Senior Leadership Team (SLT).

The Academy Trust is managed by the trustees who may exercise all its powers. The trustees may delegate to any trustee, committee, the Headteacher or any other holder of an executive office, such of their powers or functions they consider should be exercised by them. Any action or decision taken with respect to the exercise of that power or function must be reported back to the next trustees' meeting.

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

The board meets at least 4 times a year and has delegated a number of responsibilities to its Committees, which are reported to and discussed at Board of Trustees' meetings. The routine Committees consisted of the Care and Guidance Committee, Estates Committee, Finance Committee, Staffing and Training Committee and Teaching and Learning Committee. Standing Committees included the Admissions Committee, Complaints Committee, Pay Committee, Pupil Discipline Committee, Staff Discipline Committee and Headteacher Pay and Performance Review Committee.

The SLT consisted of the Headteacher who is the Accounting Officer, three Deputy Headteachers, four Assistant Headteachers and a Business Manager. These managers control the Academy at an executive level, being responsible for the day to day management of the school, acting out the strategic decisions taken by the trustees, ensuring an annual development plan is set out, monitored and carried out successfully.

Arrangements for setting pay and remuneration of key management personnel

The remuneration of key management personnel is set at the point of recruitment in line with the Academy Trust's Pay Policy. Key management personnel are appointed at a pay point on national statutory pay scales and this is subject to review as part of the annual appraisal cycle. Performance against objectives are reviewed by the Pay Committee for Deputy and Assistant Headteachers in July. The Headteacher Performance Management Committee of three governors meets in September with the School Improvement Adviser to review the Headteacher's performance against targets. Interim meetings to review progress are held during the year.

Connected organisations including related party relationships

The Academy Trust has a strong relationship with the Lincoln Diocesan education team and helped its Multi Academy Trust with clerking support during the last financial year. The Diocesan Deputy Director of Education is a member of the Academy Trust. The Diocesan Board of Education has the statutory responsibility for the SIAS inspection of the academy. The most recent SIAS inspection was very successful, with the academy being awarded an outstanding rating.

**WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
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The Academy Trust is part of the Lincolnshire Teaching School Alliance, which aims to improve outcomes for students in the region by supporting the recruitment and development of teachers. Schools are supported in their delivery and practice at a whole-school and departmental level.

There are no other connected organisations and trustees and senior staff are required to disclose any related party transactions in accordance with EFA requirements and charity law.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object of the Trust is contained in Article 4 of its Articles of Association:

The Academy Trust's object ("**the Object**") is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school with a designated Church of England religious character offering a broad and balanced curriculum ("the Academy") conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship (as required by the Funding Agreement) and in having regard to the advice of the Diocesan Board of Education.

Objectives, strategies and activities

The main objectives of the Trust during the year ending 31 August 2016 were as follows:

The overarching Key Priority was:

- To challenge and enable all students to meet or exceed expected progress.

The key areas of focus to address were as follows:

- Quality of homework;
- Marking and feedback;
- Effective use of data;
- Review of the assessment process;
- Engagement of parents;
- Intervention strategies;
- Removal of social and emotional barriers;
- Enable students to be resilient;
- Review of rewards and celebrations.

To achieve the above, reviews and actions were undertaken in the following areas:

- 1 Lesson observation;
- 2 Intervention;
- 3 Progress points;
- 4 Quality Assurance process;
- 5 Quality of homework;
- 6 Marking and feedback;
- 7 Effective use of data;
- 8 Engagement of parents;
- 9 Remove all social and emotional barriers;
- 10 Enable students to be resilient;
- 11 Rewards and celebrations;
- 12 Provide opportunities for staff to engage in CPD on social and emotional barriers and resilience;

- 13 Other staffing and training priorities;
- 14 Enhance Initial Teacher Training;
- 15 Meet statutory requirement for trips and analyse impact;
- 16 Embed changes to Development Management (DM) process;
- 17 Support introduction of new curriculum changes;
- 18 Further improve how we measure impact of CPD;
- 19 Ensure HR practice provides best value and meets statutory requirements;
- 20 Greater collaboration in working with SLT;
- 21 Prepare for Ofsted Inspection.

STRATEGIC REPORT

Strategies

The Academy Trust's main strategy is encompassed in its vision statement:

'William Farr Church of England Comprehensive School aims to provide the highest quality of education whereby everyone is encouraged to strive for excellence in all that they do and each student is known, valued and achieves as an individual.

We will know that we have achieved our vision when:

Every student has the opportunity to develop their knowledge and understanding through a broad and balanced curriculum.

Each individual is confident and behaves in a way that reflects the Christian principles on which the school was founded.

Everyone knows they are valued.'

Public benefit

In setting the objectives and planning its activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The key public benefit delivered by the Trust is the provision of a high quality of education to its students and community cohesion.

ACHIEVEMENTS AND PERFORMANCE

At GCSE

Students at William Farr have achieved another strong set of results again this year. Three quarters of students achieved five A*-C English and maths while the number of students receiving five A*-Cs overall was 85 per cent, the third best in the last decade.

The students also posted the best results for the English Baccalaureate for ten years with 44 per cent achieving C grades and above in English, maths, two sciences, a humanity and a language.

A third of all exams resulted in A* and A grades, with 79 per cent of students achieving an A-C in English Language and 90 per cent in maths.

At Advanced Level

Almost 80 per cent of A-level grades achieved by students at William Farr School was A* to C, the highest in the school's history.

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The results are up seven per cent on last year's.

Of those who sat A-level exams at William Farr, more than 50 per cent of students got an A* or a B in their exams, up 10 per cent in the last two years.

The end of many of William Farr students' journey is to achieve a place at one of their universities of choice: 76% of candidates secured their 'firm' choice this year; 93% either their 'firm' or their 'insurance' (the figures for last year were 73% and 80% respectively); 38% of students gained a place at a Russell Group university this year.

Key Financial Performance Indicators

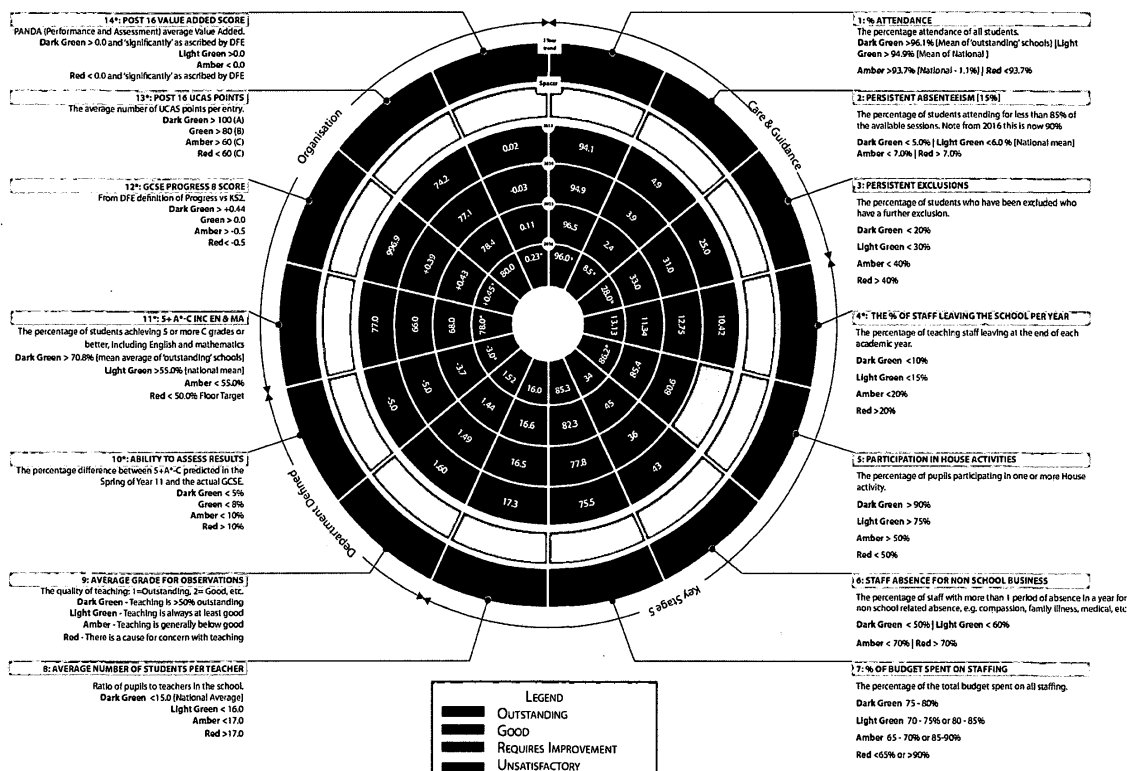
The following Key Financial Performance Indicators were agreed during the year: surplus deficit as a percentage of income; net liquidity in days; current assets to liabilities; staff costs as a percentage of total income and staff costs as a percentage of GAG and SEN income. The Finance Committee used these indicators during the financial year.

The whole school KPIs are given on the following page.

WHOLE SCHOOL KEY PERFORMANCE INDICATORS [NOTE 2016 VALUES FOR AREAS WITH AN ASTERISK (*) ARE PREDICTED NOT ACTUAL VALUES]



WILLIAM FARR
C of E Comprehensive School



WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
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Going concern

After making appropriate enquiries, the trustees have 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.

FINANCIAL REVIEW

Most of the Trust's annual income is obtained from the Department for Education (DfE) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during the year ended 31 August 2016 and its associated expenditure are shown as restricted general funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the DfE. In accordance with the Charities' Statement of Recommended Practice (Charities SORP (FRS 102)) such grants are shown in the Statement of Financial Activities as restricted income in the restricted capital funds. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned, as set out in the Academy's finance policy.

The Academy has a fixed asset register, which tabulates assets purchased by the Academy and depreciates in accordance with its finance policy.

The land and buildings have been valued at £17,800,000 for insurance purposes.

In 2016, the Directors have been advised by the actuary to the Local Government Pension Scheme that the pension liability to fund non-academic staff's final salary pension schemes is £3,831,000 of which £1,191,000 was inherited from Lincolnshire County Council on 1 January 2011.

Financial and risk management objectives and policies

The SLT and trustees monitor financial exposure, using management accounts recording actual activity against forecast in conjunction with procedures laid out in its Finance Policy.

The Board of Trustees recognises the importance of setting a detailed budget, which is compiled for each line of income and expenditure, using incremental budgeting based on input from SLT budget holders prior to discussion at SLT meetings. Following discussions at SLT meetings, a final draft budget recommended by the SLT is presented to the Finance Committee for consideration.

The Board of Trustees recognises the importance of regular budget monitoring in helping to detect accounting errors and identify, as early as possible, potential under-spending and over-spending.

The Headteacher, Business Manager and SLT monitor the budget on a monthly basis by reviewing printouts from the school's financial system for:

- Errors;
- Miscoding;
- Large or unusual items;
- Potential underspends or overspends against budget

and act promptly, where appropriate.

The Board of Trustees recognises the importance of proper financial administration to safeguard against inaccuracies and out of date information being used to make erroneous financial decisions in the school.

During the preparation of the accounts, month end reconciliations of key Balance Sheet accounts, including bank accounts, aged debtors and aged creditors, are completed and reviewed by the Business Manager. Funding streams and salary costs are also monitored and reconciled to budget so that the financial risk of a deficit budget occurring are reduced.

At 31 August 2016 the Local Government pension scheme deficit was £3,831,000. Although the deficit is material, the academy is taking the advice of the actuary regarding the repayment structure. Advised future contributions have also been included within the annual budget.

Reserves policy

The trustees will review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The trustees have determined that £50,000 per annum should go into capital reserves and £25,000 should be put into revenue reserves, building the revenue reserves up to £160,000 (equivalent to one week's operating reserve). Approval by the Board of Trustees is required to put a smaller figure into either capital or revenue reserves.

During the year, the academy received total funding of £8,120,122 compared to total resources expended of £8,935,536 to give a deficit for the year of £815,414.

The level of restricted funds at the year end (excluding the restricted fixed asset fund of £10,901,117 and pension reserve liability of £3,831,000) amounted to £400,446.

The level of unrestricted funds at the year end amounted to £238,028.

The academy holds reserves for two principal reasons:

- To provide a buffer in the event of funding for the school becoming interrupted for any reason. This means the pupils and staff would not be affected by any government or information technology related incidents that may disrupt the flow of funding into the school and otherwise render it unable to pay staff or suppliers.
- To accumulate funds for reinvestment in longer term projects that will benefit the school, independent funding for which cannot be guaranteed.

Faced with great budgetary pressures during the year, trustees were keen to produce an in year balanced budget and were, therefore, unable to build up capital and revenue reserves in line with their reserves policy.

Investment policy

There are no investments beyond cash deposits in the Academy Trust's bank. The trustees have not wished to make any speculative investments.

PRINCIPAL RISKS AND UNCERTAINTIES

The academy has compiled a Risk Register as laid out in the Academies Financial Handbook and reviews this on an annual basis with either a rationale to tolerate the risk or control procedures to be put in place with a target date to treat the risk.

The principal risks identified are:

- Competition risks;
- Information security risks;
- Trustees are not considered to be at arm's length from charity;

- Pension risk.

PLANS FOR FUTURE PERIODS

William Farr will continue to strive to improve levels of achievement of all its students. The agreed targets for 2016 – 2017 are:

- Improved Progress 8 value from 0.26 to 0.30 for 2017;
- Improved results for all groups of students in terms of diminishing the difference between the school and groups and nationally (SEN and pupil premium groups better than National Progress 8; Gifted and Talented positive Progress 8);
- 80% (10% above national) of all students are on or above internal targets;
- 41% (10% above national) of all students are above the Progress 8 target (level 3A in Year 12 and Year 13), internal Progress 8 targets.

The SLT will plan appropriately and ensure that the priorities are embedded in the overall plans:

- 1 Improve the validity of lesson observation
 - Review and improve the quality of Quality Assurance, Development Management and Departmental Planning.
- 2 Intervention
 - Update and disseminate the system of grade awarding to enable intervention to be more readably identifiable;
 - Improve recording systems for intervention;
 - Presentation;
 - Literacy;
 - Implement an interim review for students at risk of not performing.
- 3 Improving the Progress of all groups
 - Create and share a clearer mechanism for identifying progress of students as making expected progress or exceeding expected progress;
 - Review Pupil Premium Strategy;
 - Review and improvement in intervention strategies for disadvantaged students;
 - Review and evaluation of funding and intervention provision for SEN students;
 - Focused Pupil Progress Point Review points with Head of Department.
- 4 Quality and Continuous Improvement
 - Hold regular meetings with Head of Department, with identified Quality Assurance agenda;
 - Complete departmental book scrutinies;
 - Review student voice;
 - Have a whole school student voice;
 - Departmental Walks to improve understanding of departmental needs and successes.
- 5 Progress 8
 - Disseminate to all Heads of Department how Progress 8 is calculated;
 - Introduce a new Management Information System;
 - Create Attainment 8 Targets for all students;
 - Review all progress against Progress 8;

- Hold regular discussion meetings about students who are 'underperforming';
 - Add Behaviour for Learning to new system and share the information with Care and Guidance;
 - Improve the detention system to include graphical displays of behaviour by year group;
 - Interventions in place for students who are working below target.
- 6 Prepare for Ofsted Inspection using new criteria from Section 8 and 5 (September 16)
- Discuss new Ofsted criteria for Personal Development, Behaviour and Welfare with Care and Guidance and SLT;
 - Review current practice for Attendance, Behaviour, Exclusions, Isolation, Safeguarding, 16-19, Pupil Premium, Interventions, SEND;
 - Increase awareness of Ofsted Parent View with parents;
 - Review Governing Body Care and Guidance questions in the light of Ofsted framework;
 - Review content of End of Year Care and Guidance Team Review in line with new Ofsted measures.
- 7 Improve recording of homework and use of diaries
- Review effectiveness of homework club (NGM) on student outcomes;
 - Review use of diaries e.g. Key Stage 3 and VLE to record homework;
 - SLT to offer form tutors help to sign diaries.
- 8 PSME and SMSC
- Evidence of progress of disadvantaged pupils in next career steps;
 - Pupil surveys (ECM?);
 - Promotion of British values, democracy, liberty, respect, equality, tolerance and different faiths;
 - Sample marked work in PSME;
 - Additional differentiated materials in PSME booklets (from Care and Guidance Review);
 - Monitoring of assemblies (from Care and Guidance Review).
- 9 Intervention and mentoring
- Update Care and Guidance staff on Lincolnshire PSPs and Lincolnshire Ladder of Behaviour Intervention including Behaviour Outreach Service;
 - Review Behaviour Management processes with Progresso;
 - Promote mentor training for form tutors and review mentor materials (from Care and Guidance Review);
 - Pupil Premium Strategy;
 - Review of Quality Assurance processes for off-site provision.
- 10 Care and Guidance Policies (including Safeguarding)
- Review and update Attendance Policy, Uniform Code, Behaviour Policy (to include Race Policy), Equality Statement (to include transgender, Child Protection Policy, Sex and Relationships Policy, Citizenship Policy, Drugs Policy in line with statutory guidance;
 - Student council to produce Behaviour Policy in 'child friendly speak'.

- 11 Remove social and emotional barriers and develop greater resilience and independence
 - Review of Internet Safety. Greater awareness of impact of social media and mobile technology on staying safe;
 - Year group events to promote greater student independence;
 - Increased support for students with time management.
- 12 Greater collaboration between Middle Leaders in school. On-going professional development.
 - Assistant Head of Year to attend Head of Year meetings to bring tutor perspective;
 - Head of Year to attend Head of Department meetings to promote greater understanding of roles;
 - Assistant Head of Year to be Acting Head of Year for 1 day for CPD and 'backfill';
 - Investigate joint Middle Leaders meetings (Head of Year and Head of Department) to promote greater understanding of roles;
 - Assistant Head of Year and Head of Year to attend a Care and Guidance INSET day course during the year.
- 13 Rewards and celebrations
 - Year groups to be regularly informed of attendance rates and its importance in assembly (from Care and Guidance Team Review);
 - Assemblies to stress importance of celebrating achievements/rewards.
- 14 Familiarisation with new roles and responsibilities of SLT
 - Weekly meetings with SLT - discuss and review roles;
 - Care and Guidance SLT to support Deputy Headteacher (Care and Guidance) when day to day behaviour issues arise.
- 15 Support school emerging issues for 'diminishing the difference' - Boys literacy (FSM, GT, SEN)
 - Quiet reading in form time, 'book in a bag,' book boxes in form rooms, assemblies, house activities, focus on handwriting/presentation of identified students with mentor support - to be followed by literacy focus.

Funds held as Custodian Trustee on behalf of others

Included in trade creditors is £132,080 due to the students in respect of monies held on their behalf in bank accounts in the Academy's name. This amount is also included in the figure for cash at bank and in hand on the balance sheet.

This amount above relates to the William Farr Church of England Comprehensive School Fund; the main objective of the fund is to provide school trips to pupils.

The Academy Trust keeps separate accounting records for the fund, as well as running separate bank accounts.

Auditor

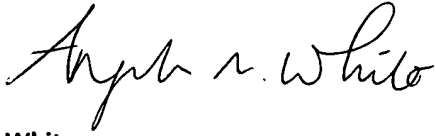
In so far as the trustees are aware:

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

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
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Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees on 21 November 2016 and signed on the Board's behalf by:

Signed:-

A handwritten signature in black ink, appearing to read 'Angela M White', written in a cursive style.

Angela M White
Chair of Trustees

GOVERNANCE STATEMENT

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring the 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 trustees have delegated the day-to-day responsibility to the Headteacher as Accounting Officer, for ensuring financial controls conform to 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 William Farr Church of England Comprehensive School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met four times during the year, held one extraordinary meeting and held one joint strategy meeting with the SLT at the end of the academic year. There have been two meetings of the Vision Working Party and two meetings to discuss how to form a M.A.T.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Helen Brittain	5	6
Marcus Brittain	5	6
Craig Duncan	6	6
Mark Garthwaite	3	6
David Grant	5	6
Kim Harris	4	5
Ben Hazzledine	5	6
Jeffrey Heskins	5	6
Yvonne Hill	3	6
Simon Hinton	4	6
Robin Lee	5	6
Alistair Logan	5	6
Ross Marshall	0	2
Paul Merrell	6	6
Steven Perez	0	5
Tim Smith	4	6
Shaun Stevenson	4	6
Andrew Stones	6	6
David Subden	5	6
Adam Watson	2	6
Angela White	6	6
Daryl Wicks-Randy	1	4

Two trustees, Ross Marshall and Steven Perez, resigned during the year due to work commitments. Kim Harris replaced Ann Towse as support staff trustee and Marcus Brittain was re-elected as a teaching staff trustee. Daryl Wicks-Randy was elected as a parent trustee and Tim Smith was re-elected as a parent trustee.

Reduction in funding has resulted in the need to make further economies in all areas of school life. The board has looked for energy savings by looking at alternative energy sources. Savings were made by staff restructuring, including the SLT, and one voluntary redundancy.

The school is benefiting from further investment in Green Energy. Following installation of LED lighting and solar panels, biomass boilers will introduce a system of heating using wood pellets. This is in line with government policy to reduce conventional energy costs and will generate future income for the school through Renewable Heat Incentives.

Following advice on safeguarding a perimeter fence has been erected. Safeguarding is on the agenda of every Board meeting.

In discussing the strategic direction, trustees decided on the core non-negotiable beliefs for the ethos of the school. In line with this they retained the religious affiliation criteria in the Admissions Policy and re-appointed a part-time Chaplain.

The Trustee Support Panel, set up to support students at risk of permanent exclusion, met on three occasions. Trustees attended a training session led by the School Improvement Partner to review governance in the current educational climate. They decided to retain the present governance structure, as they have a range of expertise and experience.

As part of the staff restructuring, trustees approved the appointment of a Director of Sixth Form from September 2016. Following the visit of an H.M.I, having been selected as an outstanding Sixth Form, the school plans to instigate an interview day as well as another Careers Fair.

The trustees have monitored the action plans proposed to raise the achievement of underachieving pupils, departments and groups. They have been informed of how Progress 8 will operate to reflect pupil achievement. They also know the ways in which Pupil Premium funds are being used to raise the achievement of groups of children who benefit from these funds.

They have met with governor and staff representatives of several local Primary Schools, in order to explore what would be required to develop a Multi-Academy Trust. They have been advised by a solicitor with experience in this area. Although there are no definite plans as yet, trustees voted unanimously to follow this strategic direction.

The Board of Trustees is aware of the future challenges presented by surrounding future housing development. The Admissions Committee has met with representatives of the local authority to discuss this.

Trustees have continued to attend Parents' Evenings. The results of questionnaires have been collated and feedback given to the Board and the school.

Trustees have benefited from 'Gold' membership of the National Governors Association (NGA). This entitles them to legal advice and one free place at any NGA conference. They also benefit from the services of a professional Clerk and Company Secretary.

Each June, the Board of Trustees examines its performance and looks to set priorities for the following academic year. They also complete an annual skills audit.

The Finance Committee is a Committee of the main Board of Trustees. Its purpose is to monitor and review expenditure on a regular basis and ensure compliance with its Funding Agreement; to consider a draft budget based on priorities in the school development plan to present to the Board of Trustees for adoption; to

**WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

establish and monitor procedures for sound budgetary control; to determine financial delegation; to respond to any issues arising from the audit of the school's accounts; ensure that financial implications of staffing decisions were identified and budgeted for; to recommend the appointment of auditors to the Board of Trustees. This year they have also considered the purchase of Biomass boilers and an extension to the school buildings.

Attendance at its meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Helen Brittain	5	5
Ben Hazzledine	5	5
Simon Hinton	2	5
Robin Lee	5	5
Alistair Logan	4	5
Ross Marshall	1	2
Paul Merrell	5	5
Steven Perez	2	4
Andrew Stones	4	5
David Subden	2	5
Angela White	5	5

Review of Value for Money

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

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

Examples

- Keir Group plc ran a procurement process for the proposed extension;
- A full review of staffing has been undertaken during the last academic year to utilise spare capacity alongside a program of natural wastage to reduce overall costs;
- Consistently use a three-quotation process for the supply of goods and services.

The Board of Trustees is committed to achieving Best Value in all decisions made. It uses the principles of Best Value as they apply to securing continuous improvement in this school and will:

- Regularly review and evaluate the functions of the school, challenging how and why services are provided and setting targets and performance indicators for improvement;
- Monitor outcomes and compare performance with similar schools and within the school;
- Consult appropriate stakeholders before major decisions are made; and,
- Promote fair competition through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way.

It will strive to ensure that the school is using its resources effectively to meet the needs of pupils and staff. It will submit its Best Value statement with the annual budget plan.

The progress of the annual budget plan and the Best Value statement will be monitored with the School Development Plan in order to determine the extent of continuous improvement.

The school has in place a strategy and a set of guidelines, updated annually, which will ensure that Best Value will be reviewed and demonstrated.

The purpose of the system of internal control

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

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Academy Trust is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the trustees;
- Regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, they have appointed the Boston Office of Duncan & Toplis Limited Chartered Accountants, as Responsible Officer ('RO'). The RO's role includes giving advice on financial procedures and performing a range of checks on the Academy Trust's financial systems. On a termly basis the RO has reported to the Academy Trust on the operation of the systems of control and on the discharge of the Academy Trust's financial responsibilities. The RO has delivered the schedule of work as planned. The Board of Trustees is satisfied that the RO function has been fully delivered in line with the Education Funding Agency's requirements. No material control issues have been notified to trustees as a result of the RO's work.

Review of effectiveness

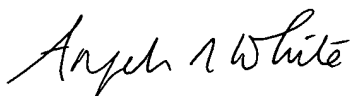
As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The work of the Responsible Officer;
- The work of the external auditor;
- The financial management and governance self-assessment process;
- The work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 21 November 2016 and signed on its behalf by:

Signed:



Angela M White
Chair

Dated: 21 November 2016

Signed:



Andrew Stones
Accounting Officer

Dated: 21 November 2016

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of William Farr Church of England Comprehensive School, 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. 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.

Signed

A handwritten signature in black ink, appearing to read 'A C Stones'.

Andrew Stones
Accounting Officer

21 November 2016

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- 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 trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform 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 trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on 21 November 2016 and signed on its behalf by:

Signed:



Angela M White
Chair of Trustees

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL

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

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

UNQUALIFIED OPINION

In our opinion the financial statements:

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

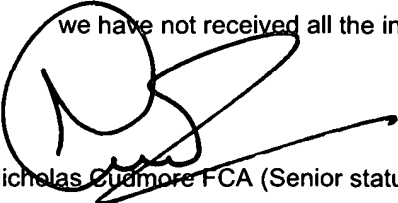
WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF WILLIAM
FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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


Nicholas Cudmore FCA (Senior statutory auditor)

for and on behalf of

Duncan & Toplis Limited

Chartered Accountants and Statutory Auditors

15 Chequergate

Louth

Lincolnshire

LN11 0LJ

Date:

21st November 2016

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO WILLIAM FARR
CHURCH OF ENGLAND COMPREHENSIVE SCHOOL AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 14 November 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by William Farr Church of England Comprehensive School during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to William Farr Church of England Comprehensive School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to William Farr Church of England Comprehensive School 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 William Farr Church of England Comprehensive School and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE
SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of William Farr Church of England Comprehensive School's funding agreement with the Secretary of State for Education dated 31 December 2010, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

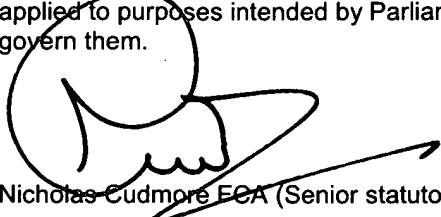
A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a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

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

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO WILLIAM FARR
CHURCH OF ENGLAND COMPREHENSIVE SCHOOL AND THE EDUCATION FUNDING AGENCY
(continued)

CONCLUSION

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



Nicholas Cudmore FCA (Senior statutory auditor)

for and on behalf of

Duncan & Toplis Limited

Chartered Accountants and Statutory Auditors

15 Chequergate
Louth
Lincolnshire
LN11 0LJ

Date: 21st November 2016

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Charitable activities	2	-	7,469,755	30,516	7,500,271	7,798,622
Other trading activities	3	616,512	-	-	616,512	558,780
Investments	4	3,339	-	-	3,339	3,590
TOTAL INCOME		619,851	7,469,755	30,516	8,120,122	8,360,992
EXPENDITURE ON:						
Raising funds		171,120	-	-	171,120	85,695
Charitable activities		368,000	7,757,175	639,241	8,764,416	8,810,968
TOTAL EXPENDITURE	7	539,120	7,757,175	639,241	8,935,536	8,896,663
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		80,731	(287,420)	(608,725)	(815,414)	(535,671)
Transfers between Funds	18	-	(181,896)	181,896	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES		80,731	(469,316)	(426,829)	(815,414)	(535,671)
Actuarial losses on defined benefit pension schemes	23	-	(1,391,000)	-	(1,391,000)	(72,000)
NET MOVEMENT IN FUNDS		80,731	(1,860,316)	(426,829)	(2,206,414)	(607,671)
RECONCILIATION OF FUNDS:						
Total funds brought forward		157,297	(1,570,238)	11,327,946	9,915,005	10,522,676
TOTAL FUNDS CARRIED FORWARD		238,028	(3,430,554)	10,901,117	7,708,591	9,915,005

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL

(A company limited by guarantee)

REGISTERED NUMBER: 07469546

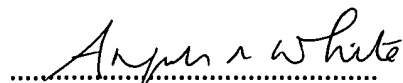
**BALANCE SHEET
AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	13		10,961,616		11,410,491
CURRENT ASSETS					
Stocks	14	5,209		3,624	
Debtors	15	261,552		277,194	
Cash at bank and in hand		1,010,569		1,088,900	
		<u>1,277,330</u>		<u>1,369,718</u>	
CREDITORS: amounts falling due within one year	16	(616,191)		(509,250)	
NET CURRENT ASSETS			661,139		860,468
TOTAL ASSETS LESS CURRENT LIABILITIES			11,622,755		12,270,959
CREDITORS: amounts falling due after more than one year	17		(83,164)		(103,954)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			11,539,591		12,167,005
Defined benefit pension scheme liability	23		(3,831,000)		(2,252,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>7,708,591</u>		<u>9,915,005</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	18	400,446		681,762	
Restricted fixed asset funds	18	10,901,117		11,327,946	
Restricted funds excluding pension liability		11,301,563		12,009,708	
Pension reserve		<u>(3,831,000)</u>		<u>(2,252,000)</u>	
Total restricted funds			7,470,563		9,757,708
Unrestricted funds	18		238,028		157,297
TOTAL FUNDS			<u>7,708,591</u>		<u>9,915,005</u>

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2016

The financial statements were approved by the Trustees, and authorised for issue, on 21 November 2016 and are signed on their behalf, by:


.....
Angela M White
Chair of Trustees

The notes on pages 30 to 51 form part of these financial statements.

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	20	<u>78,180</u>	<u>376,795</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		3,339	3,590
Purchase of tangible fixed assets		(190,366)	(184,565)
Capital grants from DfE/EFA		<u>30,516</u>	<u>30,663</u>
Net cash used in investing activities		<u>(156,511)</u>	<u>(150,312)</u>
Cash flows from financing activities:			
Repayments of borrowings		-	(20,791)
Net cash used in financing activities		<u>-</u>	<u>(20,791)</u>
Change in cash and cash equivalents in the year		(78,331)	205,692
Cash and cash equivalents brought forward		<u>1,088,900</u>	<u>883,208</u>
Cash and cash equivalents carried forward		<u><u>1,010,569</u></u>	<u><u>1,088,900</u></u>

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

William Farr Church of England Comprehensive School constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of William Farr Church of England Comprehensive School prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of William Farr Church of England Comprehensive School for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 28.

1.2 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

Investment income, gains and losses are allocated to the appropriate fund.

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

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

1.4 Expenditure

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

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

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

All resources expended are inclusive of irrecoverable VAT.

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold Property	-	2% straight line or valuation
Fixtures and fittings	-	20% straight line
Computer equipment	-	33% straight line
Improvements to property	-	20% straight line

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the Bank.

1.8 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 Debtors

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

1.11 Cash at Bank and in hand

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

1.12 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 Taxation

The Academy 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 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.

1.14 Pensions

Retirement benefits to employees of the Academy 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.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

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

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

1.15 Agency arrangements

The academy trust acts as an agent in distributing 16 - 19 bursary funds from EFA. The funds received and paid and any balances held are disclosed in note 27.

1.16 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

2. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	7,086,910	7,086,910	7,245,161
Pupil Premium	-	157,036	157,036	159,626
Other DfE/EFA Revenue grants	-	26,743	26,743	28,490
Devolved Formula Capital grant	-	30,516	30,516	30,663
Capital Maintenance grant	-	-	-	75,000
SEN 1-1 Funding	-	188,911	188,911	218,015
Other government revenue grants	-	1,611	1,611	-
Other income revenue	-	8,544	8,544	41,667
	<u>-</u>	<u>7,500,271</u>	<u>7,500,271</u>	<u>7,798,622</u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £7,798,622 was to restricted funds.

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings income	16,962	-	16,962	15,696
Catering income	495,088	-	495,088	470,498
Other income	104,462	-	104,462	72,586
	<u>616,512</u>	<u>-</u>	<u>616,512</u>	<u>558,780</u>

In 2015, of the total income from other trading activities, £558,395 was to unrestricted funds and £ 385 was to restricted funds.

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank account interest	3,339	-	3,339	3,590

In 2015, of the total investment income, £3,590 was to unrestricted funds and £ NIL was to restricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

5. DIRECT COSTS

	Educational Operations	Total 2016	Total 2015
	£	£	£
Educational supplies	154,217	154,217	125,302
Examination fees	150,901	150,901	143,098
Staff development	38,308	38,308	38,407
Educational consultancy	11,492	11,492	11,492
Other costs	163,487	163,487	323,748
Wages and salaries	4,565,354	4,565,354	4,576,962
National insurance	386,388	386,388	341,046
Pension cost	815,283	815,283	789,501
Depreciation	639,241	639,241	576,344
	6,924,671	6,924,671	6,925,900

In 2015, the Academy incurred the following Direct costs:

£6,925,900 in respect of Funding for the Academy's educational operations

£NIL in respect of Provision of boarding activities

6. SUPPORT COSTS

	Funding for the Academy	Total 2016	Total 2015
	£	£	£
Pension income	85,000	85,000	76,000
Technology costs	138,822	138,822	121,757
Maintenance of premises and equipment	78,851	78,851	95,557
Cleaning	34,704	34,704	30,703
Rent and rates	45,097	45,097	50,984
Energy costs	85,288	85,288	92,270
Insurance	51,837	51,837	51,219
Security	4,982	4,982	5,360
Transport	38,667	38,667	44,625
Telephone, postage and stationery	134,119	134,119	146,703
Catering	187,788	187,788	204,054
Other costs	36,979	36,979	43,118
Operating leases - other	11,662	11,662	12,727
Auditors' remuneration	10,250	10,250	14,425
Legal and professional fees	28,783	28,783	42,244
Wages and salaries	654,886	654,886	692,730
National insurance	28,575	28,575	28,986
Pension cost	183,455	183,455	131,606
	1,839,745	1,839,745	1,885,068

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

6. SUPPORT COSTS (continued)

During the year ended 31 August 2016, the Academy incurred the following Governance costs:

£39,033 (2015 - £56,669) included within the table above in respect of Funding for the Academy's educational operations.

£NIL (2015 - £NIL) included within the table above in respect of Provision of boarding activities.

In 2015, the Academy incurred the following Support costs:

£1,828,399 in respect of Funding for the Academy's educational operations

£NIL in respect of Provision of boarding activities

7. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on fundraising trading	66,552	-	104,568	171,120	135,639
Funding for the Academy:					
Direct costs	5,767,025	446,783	710,863	6,924,671	6,898,903
Support costs	866,916	295,534	677,295	1,839,745	1,924,811
	<u>6,700,493</u>	<u>742,317</u>	<u>1,492,726</u>	<u>8,935,536</u>	<u>8,959,353</u>

In 2016, of the total expenditure, £NIL (2015 - £NIL) was to unrestricted funds and £8,935,536 (2015 - £8,959,353) was to restricted funds.

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	639,241	576,344
Auditors' remuneration - audit	6,525	7,500
Auditors' remuneration - non audit	<u>3,998</u>	<u>6,925</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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9. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	5,271,792	5,281,130
Social security costs	414,963	370,032
Operating costs of defined benefit pension schemes	998,738	921,107
	<u>6,685,493</u>	<u>6,572,269</u>
Staff restructuring costs	15,000	-
	<u><u>6,700,493</u></u>	<u><u>6,572,269</u></u>

Staff restructuring costs comprise:

Severance payments	<u>15,000</u>	<u>-</u>
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The average number of persons employed by the Academy during the year was as follows:

	2016 No.	2015 No.
Management	1	1
Teaching	98	95
Other staff	120	130
	<u>219</u>	<u>226</u>

Average headcount expressed as a full time equivalent:

	2016 No.	2015 No.
Management	1	1
Teaching	91	89
Other staff	87	87
	<u>179</u>	<u>177</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	4	4
In the band £100,001 - £200,000	1	1

The above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for the members of staff amounted to £73,427 (2015: £50,015).

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Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £15,000 (2015: £NIL). Individually, the payments were: £15,000.

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £661,261 (2015: £631,174).

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**NOTES TO THE FINANCIAL STATEMENTS
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10. TRUSTEES' REMUNERATION AND EXPENSES

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

		2016	2015
		£'000	£'000
Mr A Stones, Principal	Remuneration	105-110	100-105
	Pension contributions paid	15-20	10-15
Mrs H Brittain, Staff Trustee	Remuneration	45-50	40-45
	Pension contributions paid	5-10	5-10
Mr M Brittain, Staff Trustee	Remuneration	40-45	40-45
	Pension contributions paid	5-10	5-10
Mr S Hinton, Staff Trustee	Remuneration	30-35	30-35
	Pension contributions paid	5-10	5-10
Mrs A Towse, Staff Trustee	Remuneration	nil	15-20
	Pension contributions paid	nil	0-5
Mrs K Harris, Staff Trustee	Remuneration	15-20	nil
	Pension contributions paid	0-5	nil

During the year, no Trustees received any benefits in kind (2015 - £NIL).

During the year, Trustees received reimbursement of expenses of £75 (2015 - £90).

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2016 was £664 (2015 - £1,374).

12. OTHER FINANCE INCOME

	2016	2015
	£	£
Expected return on pension scheme assets	121,000	105,000
Interest on pension scheme liabilities	(206,000)	(181,000)
	(85,000)	(76,000)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

13. TANGIBLE FIXED ASSETS

	Long Leasehold Property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2015	12,305,880	458,215	476,245	13,240,340
Additions	42,354	92,737	55,275	190,366
At 31 August 2016	12,348,234	550,952	531,520	13,430,706
Depreciation				
At 1 September 2015	1,356,306	155,786	317,757	1,829,849
Charge for the year	446,783	99,043	93,415	639,241
At 31 August 2016	1,803,089	254,829	411,172	2,469,090
Net book value				
At 31 August 2016	10,545,145	296,123	120,348	10,961,616
At 31 August 2015	10,949,574	302,429	158,488	11,410,491

All of the tangible fixed assets are used for educational purposes.

The Academy land and buildings are occupied under a 125 year lease from the Lincoln Diocesan Trust and Board of Finance Limited. The rent payable under this lease is a peppercorn and thus there is no ongoing financial commitment. The lease has an ongoing break clause, exercisable at any time subject to a two-year notice period.

Included in the cost brought forward is the valuation of the buildings as at 31 August 2012 of £11,250,000. In the absence of a professional valuation, the inherited amount was based on a discounted insurance replacement cost.

14. STOCKS

	2016 £	2015 £
Consumables	5,209	3,624

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

15. DEBTORS

	2016 £	2015 £
Trade debtors	15,706	42,142
Other debtors	34,385	34,820
Prepayments and accrued income	110,478	98,924
Grants receivable	100,983	101,308
	<u>261,552</u>	<u>277,194</u>

16. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Other loans	20,790	20,790
Trade creditors	276,365	183,903
Other taxation and social security	124,066	106,501
Other creditors	117,781	102,613
Accruals and deferred income	77,189	95,443
	<u>616,191</u>	<u>509,250</u>

Included in trade creditors is £132,080 (2015 - £101,152) due to students in respect of school trip monies held on their behalf in bank accounts in the Academy's name. This amount is also included in the figure for cash at bank and in hand on the balance sheet.

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	21,369	-
Resources deferred during the year	22,034	21,369
Amounts released from previous years	(21,369)	-
Deferred income at 31 August 2016	<u>22,034</u>	<u>21,369</u>

Deferred income comprises grants received in the year towards future expenditure.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

17. CREDITORS:

Amounts falling due after more than one year

	2016	2015
	£	£
Other loans	83,164	103,954

Included within the above are amounts falling due as follows:

	2016	2015
	£	£
Between one and two years		
Other loans	20,790	20,789
Between two and five years		
Other loans	62,374	62,374
Over five years		
Other loans	-	20,791

Creditors include amounts not wholly repayable within 5 years as follows:

	2016	2015
	£	£
Repayable by instalments	-	20,791

The above loan relates to a Salix loan agreement incepted as part of a solar panels project. This loan is repayable over 7 years in 6 monthly instalments with an interest rate of 0%.

The Trustees have not discounted the Salix loan under FRS 102 as it was decided that the adjustment would be insignificant.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

18. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Fund	157,297	619,851	(539,120)	-	-	238,028
Restricted funds						
General Annual Grant (GAG)	500,038	7,086,910	(7,279,366)	(22,046)	-	285,536
Other DfE/EFA grants	196,410	183,779	(112,529)	(159,850)	-	107,810
Government grants	(16,738)	190,522	(173,784)	-	-	-
Other grants and income	2,052	8,544	(3,496)	-	-	7,100
Pension reserve	(2,252,000)	-	(188,000)	-	(1,391,000)	(3,831,000)
	<u>(1,570,238)</u>	<u>7,469,755</u>	<u>(7,757,175)</u>	<u>(181,896)</u>	<u>(1,391,000)</u>	<u>(3,430,554)</u>
Restricted fixed asset funds						
DfE/EFA capital grants	287,000	30,516	(4,010)	159,850	-	473,356
Capital expenditure from GAG	637,930	-	-	22,046	-	659,976
Capital expenditure from other income	10,403,016	-	(635,231)	-	-	9,767,785
	<u>11,327,946</u>	<u>30,516</u>	<u>(639,241)</u>	<u>181,896</u>	<u>-</u>	<u>10,901,117</u>
Total restricted funds	<u>9,757,708</u>	<u>7,500,271</u>	<u>(8,396,416)</u>	<u>-</u>	<u>(1,391,000)</u>	<u>7,470,563</u>
Total of funds	<u>9,915,005</u>	<u>8,120,122</u>	<u>(8,935,536)</u>	<u>-</u>	<u>(1,391,000)</u>	<u>7,708,591</u>

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

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

Other DfE / EFA Grants comprise of various grants awarded for specific projects, in particular to boost standards of attainment. Grants include Pupil Premium funding which is intended to support education from pupils from a disadvantaged background.

Local Government Grants includes funding provided for pupils with Statements of Special Educational Needs and is used by the academy to assist with the pupil's education.

Devolved capital funding is that provided to academies to use as it sees fit in areas such as improvements

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**NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (continued)

to buildings or facilities, or the repair or refurbishment of such.

Other capital grants are provided to the academy based on specific bids for individual projects.

Other income comprises various other receipts including school meals. The income is classed as restricted or unrestricted based on the nature of the income.

The pension reserve arises from the actuarial measurement of the Academy's share of the Local Government Pension Scheme deficit. This deficit is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the school in the restricted pension fund. The amount included in resources expended represents the pension cost for the year charged to income and expenditure that arises from actuarial calculations of service cost rather than employer contributions paid, and amounts to £424,000. Actuarial gains and losses that arise from changes in assumptions by the actuary or wider influences are shown in the restricted pension fund, the movement this year being a net £1,391,000 actuarial increase in the net pension fund deficit.

Restricted fixed asset funds represent monies received in respect of and spent on fixed assets. This includes assets inherited on conversion. The total of resources expended within this fund include the depreciation charge for the year. The transfers figure is the amount of other funds used to acquire fixed assets.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	10,961,616	10,961,616	11,410,491
Current assets	238,028	995,848	43,455	1,277,331	1,369,717
Creditors due within one year	-	(595,402)	(20,790)	(616,192)	(488,460)
Creditors due in more than one year	-	-	(83,164)	(83,164)	(124,744)
Provisions for liabilities and charges	-	(3,831,000)	-	(3,831,000)	(2,252,000)
	<u>238,028</u>	<u>(3,430,554)</u>	<u>10,901,117</u>	<u>7,708,591</u>	<u>9,915,005</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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**20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW
FROM OPERATING ACTIVITIES**

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(815,414)	(535,671)
Adjustment for:		
Depreciation charges	639,241	576,344
Dividends, interest and rents from investments	(3,339)	(3,590)
(Increase)/decrease in stocks	(1,585)	121
Decrease/(increase) in debtors	15,642	(74,661)
Increase in creditors	86,151	264,915
Capital grants from DfE and other capital income	(30,516)	(30,663)
LGPS adjustments	188,000	180,000
Net cash provided by operating activities	78,180	376,795

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash at bank	1,010,569	1,088,900
Total	1,010,569	1,088,900

22. CONTINGENT LIABILITIES

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

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

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

23. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Lincolnshire County Council. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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23. PENSION COMMITMENTS (continued)

Contributions amounting to £112,166 were payable to the schemes at 31 August 2016 (2015 - £105,092) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £569,729 (2015 - £488,941).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The 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.

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23. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £407,000 (2015 - £425,000), of which employer's contributions totalled £324,000 (2015 - £338,000) and employees' contributions totalled £83,000 (2015 - £87,000). The agreed contribution rates for future years are 21% for employers and 6.5% to 12.5% for employees.

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

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

Discount rate for scheme liabilities	2.00 %	3.70 %
Rate of increase in salaries	3.60 %	4.00 %
Rate of increase for pensions in payment / inflation	2.10 %	2.60 %

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

	2016	2015
Retiring today		
Males	22.2	22.2
Females	24.4	24.4
Retiring in 20 years		
Males	24.5	24.5
Females	26.8	26.8

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	3,160,080	2,328,000
Debt instruments	533,520	404,000
Property	410,400	372,000
Cash	-	-
Total market value of assets	4,104,000	3,104,000

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23. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of Financial Activities are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(424,000)	(442,000)
Net interest cost	(85,000)	(76,000)
Past service cost	(3,000)	-
	<u>(512,000)</u>	<u>(518,000)</u>
Total	<u>(512,000)</u>	<u>(518,000)</u>
Actual return on scheme assets	<u>816,696</u>	<u>403,520</u>

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

	2016 £	2015 £
Opening defined benefit obligation	5,356,000	4,647,000
Current service cost	424,000	442,000
Interest cost	206,000	181,000
Contributions by employees	83,000	87,000
Actuarial losses	1,922,000	36,000
Past service costs	3,000	-
Benefits paid	(59,000)	(37,000)
	<u>7,935,000</u>	<u>5,356,000</u>
Closing defined benefit obligation	<u>7,935,000</u>	<u>5,356,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	3,104,000	2,647,000
Interest income	121,000	105,000
Actuarial gains and (losses)	531,000	(36,000)
Contributions by employer	324,000	338,000
Contributions by employees	83,000	87,000
Benefits paid	(59,000)	(37,000)
	<u>4,104,000</u>	<u>3,104,000</u>
Closing fair value of scheme assets	<u>4,104,000</u>	<u>3,104,000</u>

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24. OPERATING LEASE COMMITMENTS

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

	2016 £	2015 £
Amounts payable:		
Within 1 year	<u>2,959</u>	<u>765</u>

25. MEMBERS' LIABILITY

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

26. RELATED PARTY TRANSACTIONS

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

	2016 £	2015 £
During the year the Academy purchased services at market value from H R Solutions Limited, a company in which the trustee, Mr D Subden is a director	-	14,236
During the year the academy acquired services from Advance Learning, in which Mr T Smith has an interest	-	29,546

In respect of any individuals who were Trustees during the year, 4 (A Stones, B Hazzledine, D Wicks-Randy and S Stevenson) each have or had a close family member or similar who is/was employed by the Academy Trust. None of these Trustees were involved in the recruitment of the related party and they are not involved in the processes for appraising performance or setting of their salary. The grades and salaries of these staff members appropriately reflect their role and experience. The full Trust Board is aware of and has approved the existence of these arrangements.

27. AGENCY ARRANGEMENTS

The academy trust distributes 16 - 19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016 the trust received £11,503 and disbursed £6,647 from the fund. An amount of £4,856 was undistributed at the year end.

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28. FIRST TIME ADOPTION OF FRS 102

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

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014	31 August 2015
		£	£
Total funds under previous UK GAAP		10,522,675	9,915,004
Total funds reported under FRS 102		<u>10,522,675</u>	<u>9,915,004</u>

Reconciliation of net (expenditure)	Notes	31 August 2015
		£
Net (expenditure) previously reported under UK GAAP		(477,671)
Change in recognition of LGPS interest cost	A	(58,000)
Net movement in funds reported under FRS 102		<u>(535,671)</u>

Explanation of changes to previously reported funds and net income/expenditure:

A Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income by £58,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.

29. CONTROLLING PARTY

The Trustees as a body have ultimate control of the Academy. There is no single controlling individual.