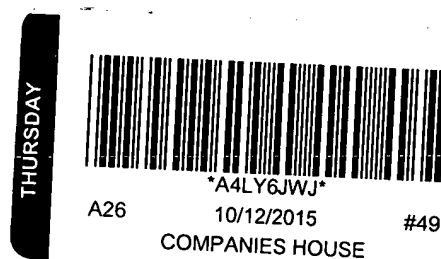


**WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

Annual Report and Audited Financial Statements

Period ended 31 August 2015



**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	Appointed 13/7/15
Robin Lee	ex-officio	Appointed 29/9/14
		Resigned 13/7/15
Tim Smith	ex-officio	
Paul Thompson	nominee of Chair of Diocesan Board of Education	
Angela White	ex-officio	Resigned 7/5/15*

* when elected as Parish and District Councillor

Trustees

Helen Brittain	Staff trustee	
Marcus Brittain	Staff trustee	
Craig Duncan	Parent trustee	Appointed 29/1/15
Mark Garthwaite	Parent trustee	Appointed 29/1/15
David Grant	Trustee appointed by members	
Benjamin Hazzledine*	Parent trustee	
Jeffrey Heskins	Foundation trustee	Appointed 20/1/15
Yvonne Hill	Foundation trustee	
Simon Hinton*	Staff trustee	
Andrew King	Parent trustee	Resigned 7/12/14
Robin Lee*	Co-opted trustee	
Alistair Logan	Parent trustee	
Janet Machalski*	Foundation trustee	Resigned 29/9/14
Ross Marshall*	Parent trustee	
Paul Merrell*	Trustee appointed by members	Appointed 15/12/14
Steven Perez*	Co-opted trustee	
Tim Smith	Vice Chair and parent trustee	
Shaun Stevenson	Trustee appointed by members	
Andrew Stones*	Headteacher and Accounting Officer	Ex-officio
David Subden*	Foundation trustee	
Ann Towse	Staff trustee	
Adam Watson	Foundation trustee	Ex-officio
Angela White*	Chair and trustee appointed by members	Resigned 7/5/15
		Appointed 1/6/15

* 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	Long term sickness
Steven Ellis	Assistant Headteacher	
Jane Grant	Assistant Headteacher	
Daniel White	Acting Assistant Headteacher	Appointed 1/1/15
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 Stonebrow
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 auditor's reports of the charitable company for the period 1 September 2014 to 31 August 2015. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Trust operates 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 1475 students aged 11-18 with a planned capacity of 1500 students (300 students in the sixth form). A number of the year groups are oversubscribed.

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 members' 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: Admissions; Admission Appeals; Diocesan Day Conference for Heads, Chairs and Senior Leaders of Church Schools and Academies; Exclusions; Fischer Family Trust Data Dashboard; Foundation Course for New Governors; Inclusion in a

Distinctively Christian School; Safeguarding Children and Young People for Governors; National Governors Association Regional meetings; Safeguarding your Academy; Special Educational Needs and Disability Conference (SEND);

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.

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.

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.

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 2015 were as follows:

Priority 1: To raise the attainment of low ability students and students with Special Educational Needs (SEN)

- To implement the new SEN Code of Practice;
- To continue to close the gap in performance between those students at the School Action (SA) stage and those not;
- To support low ability students with Reading, Writing, Communication and Maths (RWCM);
- To carry out a curriculum review, to ensure it has breadth to cater for students of all abilities;
- To review the role of the Teaching Assistants;
- To provide additional support for 'Looked after Children' and 'Young Carers';
- To ensure all Key Stage 4 students have regular career interviews;
- To identify barriers to progress for SEND students and seek ways to remove them;
- To improve the handwriting of low ability students;
- To consider alternative pathways for low ability students;
- To ensure Inset and twilight training addresses the school priorities.

Priority 2: To raise the value and effectiveness of homework

- To carry out a full review of the homework policy, including parents' contract with reference to homework;
- To further develop diary checking process, to ensure increased rigour;
- To introduce a Homework Club which students are supported to access;
- To develop more robustly the characteristics of independence and resilience;
- To develop a fully integrated system for setting and monitoring completion of homework.

Priority 3: To improve outcomes for students at Key Stage 5

- To raise the profile of the 'Alternative Pathways' group;
- To increase access to Careers Adviser;
- To further enhance quality of Schemes of Work;
- To further consider number and availability of 'A' levels;
- To monitor specifically the quality of teaching at Key Stage 5 and consider its subsequent impact;
- To work with Research and Development group in focusing on Key Stage 5 teaching.

Priority 4: To focus on the underachievement of boys

- To introduce the element of focus on boys during lesson observations;
- To highlight effective strategies for teaching boys;
- To ensure that underperforming departments identify and track progress for boys;
- To design bespoke CPD to support achievement of boys;
- To identify most effective practice when mentoring boys;
- To explore range of strategies to support boys at risk of exclusion.

Priority 5: To enhance focus on gifted and talented students

- To establish clear identification of gifted and talented students;
- To create a 'passport' (along lines of SEN) to support progress of gifted and talented;
- To enhance gifted and talented provision through joining specific affiliations;
- To analyse current provision;
- To update the website to reflect better gifted and talented provision;
- To achieve additional external funding;
- To engage in increased number of externally organised events.

Priority 6: Whole School general priority

- To provide leadership and management professional development;
- To support underperforming departments;
- To raise the profile of support staff professional development;
- To ensure a consistent approach to support staff HR management;
- To increase CPD collaboration with the Lincoln Teaching School Alliance;
- To embed the Development (Performance) Management process;
- To ensure support staff deliver national agenda and school priorities;
- To ensure HR policies are up to date and reflect statutory requirements;
- To continue to measure the impact of CPD;
- To ensure trips meet statutory requirements and then analyse their impact on student progress and attainment;
- To plan new timetable in light of the new curriculum;
- To ensure greater collaboration between the deputies;
- To continue preparation for Ofsted inspection;
- To ensure an early recruitment of staff;
- To offer more Initial Teacher Training placements;
- To carry out a full analysis of the examination process;
- To manage the move to a new Management Information System;
- To enhance current knowledge of the departments;
- To use data more effectively.

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 celebrated an excellent GCSE results day which saw 11 students at the school achieve straight A and A* grades. More than one in four exams entered by pupils at the school resulted in A or A* grades. The number of pupils achieving 5 A*- C grades, at 82 per cent, exceeded last year's excellent results – with nearly two thirds achieving A*- C including English, Mathematics and Science.

Girls did particularly well with nearly 90% achieving 5 or more GCSE passes, and over 40% of all grades achieved by girls were A* or A grades. The difference between boys and girls was reduced this year and we hope this is a trend we can continue to improve. With a greater emphasis on Value Added (VA) the school has improved its progress 8 figure from 0.39 last year to 0.42 this year.

At Advanced Level

A Level students have achieved their highest ever number of A* grades since they were first introduced in 2010. One in eight of this year's A-Level grades awarded to pupils at the school was an A*. The figure was an increase of almost 4% on last year, whilst the percentage of students achieving both A* and A-grades in their exams equalled last year's record of 26.2%. The national average this year was 25.9%.

A total of 43% of the school's A Level students achieved grades A,B,B or better with almost a quarter getting A,A,B in facilitating subjects – maths, English, science, humanities and languages.

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. Below is a comparison of the last four years.

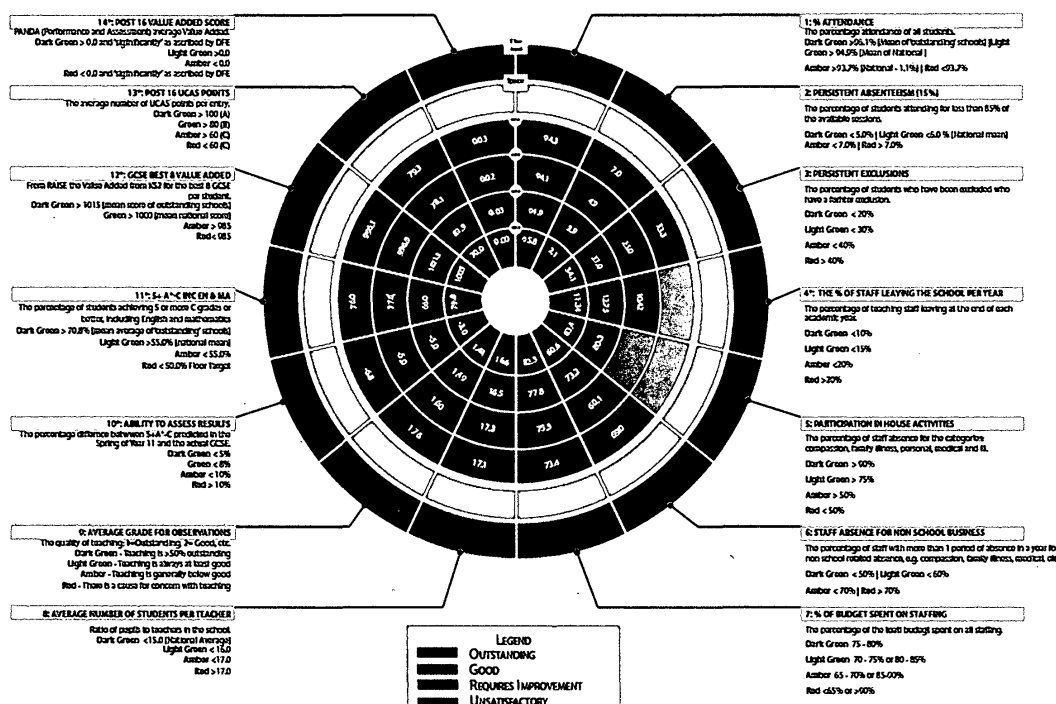
	August 2012	August 2013	August 2014	August 2015
Surplus deficit as % of total income	4.93	2.04	3.85	1.56
Net liquidity in days	28.50	39.76	32.62	32.17
Current assets to liabilities %	94.60	31.04	50.15	-
Staff costs as % of total income	31.38	75.45	77.82	81.14
Staff costs as % of GAG and SEN income	94.54	81.29	83.71	88.36

Whole school KPIs are given on the following page of the report.

WHOLE SCHOOL KEY PERFORMANCE INDICATORS (Note 2015 values for areas with an asterisk (*) are predicted not actual values)



WILLIAM FARR
Church of England Comprehensive School



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 2015 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 (SORP 2005) 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 2015, 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 £2,252,000 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, age 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 2015 the Local Government pension scheme deficit was £2,252,000. 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.

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 2015 – 2016 are:

The school's Minimum Target Grades for 3 levels of progress in Mathematics and English are:

75% of students to achieve 5+ A* - C including English and Mathematics [52.8, 53.4].

	3 Levels	4 Levels
English	80% [70.0%, 71.6%]	40% [30%]
Maths	85% [66.6%, 65.5%]	35% [32%]

*National Values for 2015, 2014 in brackets, provisional from Statistical First Release

The school attendance target is 96% of all sessions.

The overarching Key Priority is:

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

The key areas of focus to address are proposed 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.

This list is not exhaustive.

The Senior Leadership Team will plan appropriately and ensure that the priorities are embedded in the overall plans.

Funds held as Custodian Trustee on behalf of others

Included in other creditors is £101,152 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.

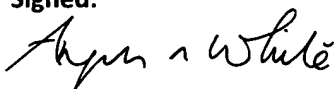
Auditor

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.

Trustee's report, incorporating a strategic report, approved by order of the Board of Trustees on 23 November 2015 and signed on the Board's behalf by:

Signed:



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 three extraordinary meetings and held one joint strategy meeting with the SLT at the end of the academic year.

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

Trustee	Meetings attended	Out of a possible
Helen Brittain	7	8
Marcus Brittain	6	8
Craig Duncan	4	4
Mark Garthwaite	4	4
David Grant	5	8
Ben Hazzledine	6	8
Jeffrey Heskins	5	6
Yvonne Hill	2	8
Simon Hinton	6	8
Andy King	1	2
Robin Lee	7	8
Alistair Logan	1	8
Janet Machalski	1	1
Ross Marshall	5	8
Paul Merrell	5	5
Steven Perez	5	8
Tim Smith	2	4
Shaun Stevenson	6	8
Andrew Stones	8	8
David Subden	7	8
Ann Towse	4	8
Adam Watson	7	7
Angela White	8	8

Two trustees resigned during the year. Foundation trustee Janet Machalski resigned owing to ill-health. Andy King resigned after several years of committed service. The members appointed Paul Merrell as a trustee. He will add to the financial expertise on the Board. Two new parent trustees were elected: Craig Duncan and

**WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
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Mark Garthwaite. The Board also welcomed the newly appointed Vicar of Welton, Reverend Adam Watson, as our ex-officio trustee and Revd Canon Dr Jeffrey Heskins was appointed a foundation trustee.

Changes in funding for Sixth Form and Special Needs pupils, combined with a reduction in other funding, have resulted in many spending reductions in all areas of school life. Increased costs related to changes in National Insurance payments and pay rises also increased the difficulty of achieving a balanced budget. The board has looked for energy savings by committing to the installation of solar panels with the benefit of an EFA approved loan.

Aware of the financial challenges ahead, the future impact of development in the area, the new Ofsted and government expectations, the Board is planning to have workshop meetings throughout 2015 – 2016 in order to plan the strategic direction of the school in the next 3 – 5 years and monitor the budget for 2016 - 17.

The Board has undertaken a skills audit and is looking to recruit a governor with legal expertise.

Training for Exclusion committees led by the Local Authority and on governance roles and responsibilities led by an Ofsted Inspector have been arranged for the Full Governing Body. The latter has led to new Safeguarding measures being taken in school.

The Clerk to the Governors and Company Secretary, Mrs Sally Coulter, was nominated as Clerk of the Year. Being a finalist she was invited to the Houses of Parliament with the Headteacher, Mr Andrew Stones and the Chair of Governors, Mrs Angela White. As one of her guests she invited Mrs Sue Baxter, the School Improvement Partner who has helped improve the structure and processes of the Governing Body. Mrs Coulter was named joint Clerk of the Year. She has also taken part in the National Clerks Development.

Throughout the year the trustees attended Parents' Evenings with questionnaires for parents. These were collated and feedback given to the Board and the school. The Board has invited the School Improvement Partner to lead a workshop as part of the strategic planning for future development of the school and the Governing Body. She will also run a Full Governing Body session on evaluating the impact of its work.

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.

Each June, the Board of Trustees examines its performance and looks to set priorities for the following academic year. Key Performance Indicators have also been set for the new academic year.

The Finance Committee was a Committee of the main Board of Trustees. Its purpose was 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 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.

Attendance at its meetings in the year was as follows:

**WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
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Trustee	Meetings attended	Out of a possible
Ben Hazzledine	4	5
Simon Hinton	3	5
Robin Lee	5	5
Ross Marshall	3	5
Paul Merrell	3	3
Steven Perez	3	5
Andrew Stones	5	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:

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.

Examples

- Mouchel Business services ran a procurement process for the kitchen extension;
- Procurement Lincolnshire ran the procurement process for the HR Provider;
- Consistently use a three quotation process for the supply of goods and services.

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 2014 to 31 August 2015 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 2014 to 31 August 2015 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 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

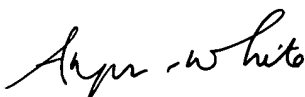
As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- 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 23 November 2015 and signed on its behalf by:

Signed:



Angela White
Chair

Dated: 23 November 2015

Signed:



Andrew Stones
Accounting Officer

Dated: 23 November 2015

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 'AC Stones', written over a horizontal line.

Andrew Stones
Accounting Officer

23 November 2015

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 Requirements 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.

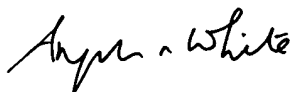
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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 23 November 2015 and signed on its behalf by:

Signed:



Angela White
Chair of Trustees

<p style="text-align: center;">WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL (A company limited by guarantee)</p>

**INDEPENDENT AUDITORS' REPORT 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 2015 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) and the Academies Accounts Direction 2014 to 2015 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 Trustees' responsibilities statement, 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 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 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.

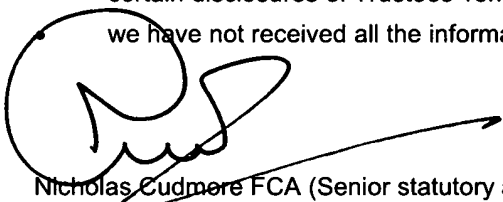
WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT 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:

30th November 2015

<p style="text-align: center;">WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL (A company limited by guarantee)</p>

INDEPENDENT REPORTING ACCOUNTANTS' 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 2014 to 2015, 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 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to William Farr Church of England Comprehensive School and 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 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 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 ACCOUNTANT

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 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by 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.

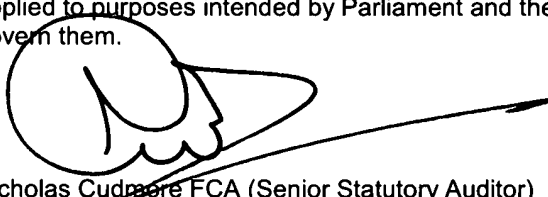
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

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

**INDEPENDENT REPORTING ACCOUNTANTS' 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 2014 to 31 August 2015 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)

Duncan & Toplis Limited

Chartered Accountants and Statutory Auditors

15 Chequergate
Louth
Lincolnshire
LN11 0LJ

Date: 30th November 2015

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

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
INCOMING RESOURCES						
Voluntary income	2	-	-	-	-	4,609
Incoming resources from generated funds:						
Activities for generating funds	3	621,085	385	-	621,470	597,485
Investment income	5	3,590	-	-	3,590	4,090
Incoming resources from charitable activities	6	-	7,692,959	105,663	7,798,622	7,937,466
TOTAL INCOMING RESOURCES		624,675	7,693,344	105,663	8,423,682	8,543,650
RESOURCES EXPENDED						
Costs of generating funds:						
Fundraising expenses and other costs	4	135,639	-	-	135,639	130,020
Funding for the Academy trust's educational operations	12	543,319	7,589,382	576,344	8,709,045	8,487,330
Governance costs	8	-	56,669	-	56,669	44,798
TOTAL RESOURCES EXPENDED	11	678,958	7,646,051	576,344	8,901,353	8,662,148
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		(54,283)	47,293	(470,681)	(477,671)	(118,498)

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

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

		Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
	Note					
Transfers between Funds	23	-	(122,351)	122,351	-	-
NET EXPENDITURE FOR THE YEAR		(54,283)	(75,058)	(348,330)	(477,671)	(118,498)
Actuarial gains and losses on defined benefit pension schemes		-	(130,000)	-	(130,000)	(597,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		(54,283)	(205,058)	(348,330)	(607,671)	(715,498)
<i>Total funds at 1 September 2014</i>		<i>211,579</i>	<i>(1,365,180)</i>	<i>11,676,276</i>	<i>10,522,675</i>	<i>11,238,173</i>
TOTAL FUNDS AT 31 AUGUST 2015		157,296	(1,570,238)	11,327,946	9,915,004	10,522,675

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 28 to 49 form part of these financial statements.

WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07469546

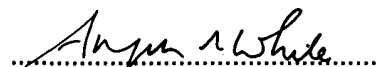
BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	18		11,410,491		11,802,270
CURRENT ASSETS					
Stocks	19	3,624		3,744	
Debtors	20	277,194		202,533	
Cash at bank and in hand		1,088,900		883,208	
		<u>1,369,718</u>		<u>1,089,485</u>	
CREDITORS: amounts falling due within one year	21	<u>(488,461)</u>		<u>(223,545)</u>	
NET CURRENT ASSETS			<u>881,257</u>		<u>865,940</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>12,291,748</u>		<u>12,668,210</u>
CREDITORS: amounts falling due after more than one year	22		<u>(124,744)</u>		<u>(145,535)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY			<u>12,167,004</u>		<u>12,522,675</u>
Defined benefit pension scheme liability	30		<u>(2,252,000)</u>		<u>(2,000,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>9,915,004</u></u>		<u><u>10,522,675</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	23	681,762		634,820	
Restricted fixed asset funds	23	11,327,946		11,676,276	
Restricted funds excluding pension liability		<u>12,009,708</u>		<u>12,311,096</u>	
Pension reserve		<u>(2,252,000)</u>		<u>(2,000,000)</u>	
Total restricted funds			<u>9,757,708</u>		<u>10,311,096</u>
Unrestricted funds	23		<u>157,296</u>		<u>211,579</u>
TOTAL FUNDS			<u><u>9,915,004</u></u>		<u><u>10,522,675</u></u>

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

BALANCE SHEET (continued)
AS AT 31 AUGUST 2015

The financial statements were approved by the Trustees, and authorised for issue, on 23 November 2015 and are signed on their behalf, by:



Mrs A M White - Trustee
Chair of Trustees

The notes on pages 28 to 49 form part of these financial statements.

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

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	25	376,795	(254,492)
Returns on investments and servicing of finance	26	3,590	3,980
Capital expenditure and financial investment	26	(153,902)	(656,461)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		226,483	(906,973)
Financing	26	(20,791)	145,535
INCREASE/(DECREASE) IN CASH IN THE YEAR		205,692	(761,438)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015**

	2015 £	2014 £
Increase/(Decrease) in cash in the year	205,692	(761,438)
Cash outflow from decrease in debt and lease financing	20,791	(145,535)
MOVEMENT IN NET FUNDS IN THE YEAR	226,483	(906,973)
Net funds at 1 September 2014	737,673	1,644,646
NET FUNDS AT 31 AUGUST 2015	964,156	737,673

The notes on pages 28 to 49 form part of these financial statements.

<p style="text-align: center;">WILLIAM FARR CHURCH OF ENGLAND COMPREHENSIVE SCHOOL (A company limited by guarantee)</p>

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

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.

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

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

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

1.3 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

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

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

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

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.

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

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

1. ACCOUNTING POLICIES (continued)

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 Resources expended

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

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

Charitable activities are costs incurred in the Academy's educational operations.

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 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 one year from the date of approval of 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. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

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.

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

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

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those 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 Operating leases

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

1.8 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.

1.9 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 personable payroll. The contributions are determined by the Government Actuary on the basis of undeniable valuations using a prospective benefit method. As stated in note 30, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

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

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

1. ACCOUNTING POLICIES (continued)

1.10 Comparatives

Following revisions to the EFA Accounts Direction, certain expenses in 2014/15 have been classified on a different basis to 2013/14. Where such differences arise, comparatives have been re aligned to accord with 2014/15 classifications.

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Other voluntary income	-	-	-	4,609

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Lettings income	15,696	-	15,696	15,769
Catering income	533,188	-	533,188	492,956
Other income	72,201	385	72,586	88,760
	<u>621,085</u>	<u>385</u>	<u>621,470</u>	<u>597,485</u>

4. TRADING ACTIVITIES

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Fundraising trading expenses				
External catering direct costs	72,687	-	72,687	60,191
Cost of lettings	1,570	-	1,570	1,577
External catering wages and salaries	61,382	-	61,382	68,252
	<u>135,639</u>	<u>-</u>	<u>135,639</u>	<u>130,020</u>
Net expenditure from trading activities	<u>(135,639)</u>	<u>-</u>	<u>(135,639)</u>	<u>(130,020)</u>

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FOR THE YEAR ENDED 31 AUGUST 2015**

5. INVESTMENT INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Bank account interest	3,590	-	3,590	4,090

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Funding for the Academy's educational operations	-	7,798,622	7,798,622	7,937,466

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
DfE/EFA revenue and capital grants				
General Annual Grant (GAG)	-	7,245,161	7,245,161	7,434,766
Pupil Premium	-	159,626	159,626	123,910
Other DfE/EFA Revenue grants	-	28,490	28,490	24,803
Devolved Formula Capital grant	-	30,663	30,663	29,127
Capital Maintenance grant	-	75,000	75,000	-
	-	7,538,940	7,538,940	7,612,606
Other government grants				
SEN 1-1 Funding	-	218,015	218,015	245,059
Other Local Authority revenue grants - s106 funding etc.	-	-	-	74,401
Other income revenue	-	41,667	41,667	5,400
	-	259,682	259,682	324,860
	-	7,798,622	7,798,622	7,937,466

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7. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Funding for the Academy's educational operations	543,319	8,165,726	8,709,045	8,487,330

SUMMARY BY EXPENDITURE TYPE

	Staff costs 2015 £	Depreciation 2015 £	Other costs 2015 £	Total 2015 £	Total 2014 £
Funding for the Academy's educational operations	6,511,087	576,344	1,621,614	8,709,045	8,487,330

8. GOVERNANCE COSTS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Auditors' remuneration	-	7,500	7,500	7,500
Auditors' non audit costs	-	6,925	6,925	5,200
Legal and professional fees	-	11,235	11,235	5,401
Personnel fees	-	31,009	31,009	26,697
	-	56,669	56,669	44,798

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9. DIRECT COSTS

	Educational Operations	Total 2015	Total 2014
	£	£	£
Educational supplies	125,302	125,302	170,013
Examination fees	143,098	143,098	182,531
Staff development	38,407	38,407	56,134
Educational consultancy	11,492	11,492	11,241
Other costs	337,204	337,204	258,248
Wages and salaries	4,576,962	4,576,962	4,526,592
National insurance	341,046	341,046	341,234
Pension cost	673,048	673,048	661,806
Depreciation	576,344	576,344	505,657
	6,822,903	6,822,903	6,713,456

10. SUPPORT COSTS

	Educational Operations	Total 2015	Total 2014
	£	£	£
Other finance income less expense	18,000	18,000	27,000
Technology costs	121,757	121,757	117,435
Maintenance of premises and equipment	95,557	95,557	115,706
Cleaning	30,703	30,703	34,088
Rent and rates	50,984	50,984	53,483
Energy costs	92,270	92,270	101,797
Insurance	51,219	51,219	49,655
Security	5,360	5,360	4,600
Transport	44,769	44,769	34,416
Telephone, postage and stationery	146,703	146,703	138,101
Catering	252,944	252,944	244,329
Other costs	43,118	43,118	46,324
Operating leases - other	12,727	12,727	12,171
Wages and salaries	642,986	642,986	596,491
National insurance	28,986	28,986	29,651
Pension cost	248,059	248,059	168,627
	1,886,142	1,886,142	1,773,874

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11. RESOURCES EXPENDED

	Staff costs	Non Pay Premises	Expenditure Other costs	Total	Total
	2015	2015	2015	2015	2014
	£	£	£	£	£
Fundraising expenses	61,382	-	74,257	135,639	130,020
Costs of generating funds	61,382	-	74,257	135,639	130,020
Direct costs	5,591,056	576,344	655,503	6,822,903	6,713,456
Support costs	920,031	318,744	647,367	1,886,142	1,773,874
Charitable activities	6,511,087	895,088	1,302,870	8,709,045	8,487,330
Governance	-	-	56,669	56,669	44,798
	6,572,469	895,088	1,433,796	8,901,353	8,662,148

12. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly	Support costs	Total	Total
	2015	2015	2015	2014
	£	£	£	£
Funding for the Academy's educational operations	6,822,903	1,886,142	8,709,045	8,487,330

13. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015	2014
	£	£
Depreciation of tangible fixed assets:		
- owned by the Academy	576,344	505,657
Auditors' remuneration	7,500	7,500
Auditors' remuneration - non audit	6,925	5,200

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14. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	5,281,330	5,191,335
Social security costs	370,032	370,885
Other pension costs (Note 30)	921,107	830,433
	<u>6,572,469</u>	<u>6,392,653</u>

b. Staff numbers

The average number of persons employed by the Academy during the year expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Management	1	1
Teaching	89	89
Other staff	87	79
	<u>177</u>	<u>169</u>

c. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2015 No.	2014 No.
In the band £60,001 - £70,000	4	4
In the band £100,001 - £200,000	1	1
	<u>5</u>	<u>5</u>

The above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for the members of staff amounted to £50,015 (2014: £48,743).

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15. TRUSTEES' REMUNERATION AND EXPENSES

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy in respect of their role as Trustees. The value of Trustees' remuneration fell within the following bands:

	2015 £'000	2014 £'000
Mr A Stones, Principal - Remuneration	100-105	100-105
Mr A Stones, Principal - Employer Pension Contributions	10-15	10-15
Mrs H Brittain, Staff Trustee - Remuneration	40-45	40-45
Mrs H Brittain, Staff Trustee - Employer Pension Contributions	5-10	5-10
Mr M Brittain, Staff Trustee - Remuneration	40-45	40-45
Mr M Brittain, Staff Trustee - Employer Pension Contributions	5-10	5-10
Mr S Hinton, Staff Trustee - Remuneration	30-35	30-35
Mr S Hinton - Employer Pension Contribution	5-10	5-10
Mrs A Towse, Staff Trustee - Remuneration	15-20	5-10
Mrs A Towse, Staff Trustee - Employer Pension Contribution	0-5	0-5
	5-10	5-10
	15-20	5-10

During the year, no Trustees received any benefits in kind (2014 - £NIL).

During the year ended 31 August 2015, expenses totalling £90 (2014 - £NIL) were reimbursed to 2 Trustees (2014 - 0).

16. 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 2015 was £1,374 (2014 - £712). The cost of this insurance is included in the total insurance cost.

17. OTHER FINANCE INCOME

	2015 £	2014 £
Expected return on pension scheme assets	163,000	144,000
Interest on pension scheme liabilities	(181,000)	(171,000)
	<u>(18,000)</u>	<u>(27,000)</u>

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18. TANGIBLE FIXED ASSETS

	Long Leasehold Property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2014	12,284,810	357,651	413,314	13,055,775
Additions	21,070	100,564	62,931	184,565
At 31 August 2015	<u>12,305,880</u>	<u>458,215</u>	<u>476,245</u>	<u>13,240,340</u>
Depreciation				
At 1 September 2014	962,429	74,593	216,483	1,253,505
Charge for the year	393,877	81,193	101,274	576,344
At 31 August 2015	<u>1,356,306</u>	<u>155,786</u>	<u>317,757</u>	<u>1,829,849</u>
Net book value				
At 31 August 2015	<u>10,949,574</u>	<u>302,429</u>	<u>158,488</u>	<u>11,410,491</u>
At 31 August 2014	<u>11,322,381</u>	<u>283,058</u>	<u>196,831</u>	<u>11,802,270</u>

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.

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.

19. STOCKS

	2015 £	2014 £
Consumables	<u>3,624</u>	<u>3,744</u>

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20. DEBTORS

	2015 £	2014 £
Trade debtors	42,142	10,822
Other debtors	34,820	85,322
Prepayments and accrued income	98,924	106,389
Grants Receivable	101,308	-
	<u>277,194</u>	<u>202,533</u>

**21. CREDITORS:
Amounts falling due within one year**

	2015 £	2014 £
Trade creditors	183,904	155,374
Other taxation and social security	106,501	-
Other creditors	102,613	-
Accruals and deferred income	95,443	68,171
	<u>488,461</u>	<u>223,545</u>

Included in trade creditors is £101,152 (2014: £110,563) 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.

Deferred income

Resources deferred during the year	<u>21,369</u>
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Deferred income comprises grants received in the year towards future expenditure.

**22. CREDITORS:
Amounts falling due after more than one year**

	2015 £	2014 £
Salix loan	<u>124,744</u>	<u>145,535</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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23. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Fund	211,579	624,675	(678,958)	-	-	157,296
Restricted funds						
General Annual Grant (GAG)	520,927	7,245,161	(7,143,699)	(122,351)	-	500,038
Other DfE/EFA grants	105,073	188,116	(96,779)	-	-	196,410
Government grants	8,820	218,015	(243,573)	-	-	(16,738)
Other grants and income	-	42,052	(40,000)	-	-	2,052
Pension Reserve	(2,000,000)	-	(122,000)	-	(130,000)	(2,252,000)
	<u>(1,365,180)</u>	<u>7,693,344</u>	<u>(7,646,051)</u>	<u>(122,351)</u>	<u>(130,000)</u>	<u>(1,570,238)</u>
Restricted fixed asset funds						
DfE/EFA capital grants	265,258	105,663	(83,921)	-	-	287,000
Capital expenditure from GAG	783,002	-	(267,423)	122,351	-	637,930
Capital expenditure from other income	10,628,016	-	(225,000)	-	-	10,403,016
	<u>11,676,276</u>	<u>105,663</u>	<u>(576,344)</u>	<u>122,351</u>	<u>-</u>	<u>11,327,946</u>
Total restricted funds	10,311,096	7,799,007	(8,222,395)	-	(130,000)	9,757,708
Total of funds	<u>10,522,675</u>	<u>8,423,682</u>	<u>(8,901,353)</u>	<u>-</u>	<u>(130,000)</u>	<u>9,915,004</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 pupils education.

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

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23. 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 £442,000. 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 £130,000 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.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	211,579	624,675	(678,958)	-	-	157,296
Restricted funds	(1,365,180)	7,693,344	(7,646,051)	(122,351)	(130,000)	(1,570,238)
Restricted fixed asset funds	11,676,276	105,663	(576,344)	122,351	-	11,327,946
	<u>10,522,675</u>	<u>8,423,682</u>	<u>(8,901,353)</u>	<u>-</u>	<u>(130,000)</u>	<u>9,915,004</u>

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24. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	11,410,491	11,410,491	11,802,270
Current assets	258,448	1,069,070	42,199	1,369,717	1,089,487
Creditors due within one year	(101,152)	(387,308)	-	(488,460)	(223,546)
Creditors due in more than one year	-	-	(124,744)	(124,744)	(145,535)
Provisions for liabilities and charges	-	(2,252,000)	-	(2,252,000)	(2,000,000)
	<u>157,296</u>	<u>(1,570,238)</u>	<u>11,327,946</u>	<u>9,915,004</u>	<u>10,522,675</u>

25. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Net incoming resources before revaluations	(477,671)	(118,498)
Returns on investments and servicing of finance	(3,590)	(3,980)
Depreciation of tangible fixed assets	576,344	-
Capital grants from DfE	(30,663)	(29,127)
Decrease in stocks	121	15,151
Increase in debtors	(74,661)	(25,584)
Increase/(decrease) in creditors	264,915	(164,454)
FRS 17 adjustments	122,000	72,000
Net cash inflow/(outflow) from operations	<u>376,795</u>	<u>(254,492)</u>

26. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received	<u>3,590</u>	<u>3,980</u>

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26. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2015 £	2014 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(184,565)	(685,588)
Capital grants from DfE	30,663	29,127
Net cash outflow capital expenditure	<u>(153,902)</u>	<u>(656,461)</u>
	2015 £	2014 £
Financing		
New secured loans	-	145,535
Repayment of loans	(20,791)	-
Net cash (outflow)/inflow from financing	<u>(20,791)</u>	<u>145,535</u>

27. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	883,208	205,692	-	1,088,900
Debt:				
Debts falling due after more than one year	(145,535)	20,791	-	(124,744)
Net funds	<u>737,673</u>	<u>226,483</u>	<u>-</u>	<u>964,156</u>

28. 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.

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29. CAPITAL COMMITMENTS

At 31 August 2015 the Academy had capital commitments as follows:

	2015 £	2014 £
Contracted for but not provided in these financial statements	-	52,000

30. 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 defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010.

Contributions amounting to £105,092 were payable to the scheme at 31 August 2015 (2014 - £Nil) 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.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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 for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and

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30. PENSION COMMITMENTS (continued)

- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

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 2015 was £425,000, of which employer's contributions totalled £338,000 and employees' contributions totalled £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

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

30. PENSION COMMITMENTS (continued)

Department for Education. The guarantee came into force on 18 July 2013.

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

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	3.70	2,328,000	6.30	2,012,000
Bonds	3.70	404,000	3.60	344,000
Property	3.70	372,000	4.50	291,000
Cash	3.70	-	3.30	-
Total market value of assets		3,104,000		2,647,000
Present value of scheme liabilities		(5,356,000)		(4,647,000)
Deficit in the scheme		(2,252,000)		(2,000,000)

The amounts recognised in the Balance Sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(5,356,000)	(4,647,000)
Fair value of scheme assets	3,104,000	2,647,000
Net liability	(2,252,000)	(2,000,000)

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

	2015 £	2014 £
Current service cost	(442,000)	(341,000)
Interest on obligation	(181,000)	(171,000)
Expected return on scheme assets	163,000	144,000
Total	(460,000)	(368,000)

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

30. PENSION COMMITMENTS (continued)

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

	2015 £	2014 £
Opening defined benefit obligation	4,647,000	3,522,000
Current service cost	442,000	341,000
Interest cost	181,000	171,000
Contributions by scheme participants	87,000	77,000
Actuarial Losses	36,000	568,000
Benefits paid	(37,000)	(32,000)
	<u>5,356,000</u>	<u>4,647,000</u>
Closing defined benefit obligation	<u>5,356,000</u>	<u>4,647,000</u>

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

	2015 £	2014 £
Opening fair value of scheme assets	2,647,000	2,191,000
Expected return on assets	163,000	144,000
Actuarial gains and (losses)	(94,000)	(29,000)
Contributions by employer	338,000	296,000
Contributions by employees	87,000	77,000
Benefits paid	(37,000)	(32,000)
	<u>3,104,000</u>	<u>2,647,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £797,000 (2014 - £667,000).

The Academy expects to contribute £340,000 by way of employer contributions to its Defined benefit pension scheme in 2016.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015	2014
Equities	75.00 %	76.00 %
Bonds	13.00 %	13.00 %
Property	12.00 %	11.00 %
Cash	- %	- %

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

Discount rate for scheme liabilities	3.70 %	3.70 %
Expected return on scheme assets at 31 August	3.70 %	5.80 %
Rate of increase in salaries	4.00 %	3.90 %
Rate of increase for pensions in payment / inflation	2.60 %	2.60 %

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

30. PENSION COMMITMENTS (continued)

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

	2015	2014
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

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2015	2014	2013
	£	£	£
Defined benefit obligation	(5,356,000)	(4,647,000)	(3,522,000)
Scheme assets	3,104,000	2,647,000	2,191,000
Deficit	(2,252,000)	(2,000,000)	(1,331,000)
Experience adjustments on scheme liabilities	(36,000)	(568,000)	(79,000)
Experience adjustments on scheme assets	(94,000)	(29,000)	166,000

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

Sensitivity Analysis

The following table illustrates the estimated changes in the actuarial deficit arising from a change in the specified assumptions:

	Approximate % increase to employer liability	Approximate monetary amount £
0.5% decrease in real discount rate	12%	640,000
1 year increase in member life expectancy	3%	161,000
0.5% increase in the salary increase rate	5%	284,000
0.5% increase in the pension increase rate	6%	339,000

31. OPERATING LEASE COMMITMENTS

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

	Land and buildings 2015 £	2014 £	2015 £	Other 2014 £
Expiry date:				
Within 1 year	-	-	765	11,837

32. 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 a Trustees 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.

	2015 £	2014 £
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	20,559
	-	-
The Academy purchased goods at market value from Aquila Business Solutions, a company in which a person connected to the School Business Manager was employed until November 2013. During the period until cessation of the connection, the value of goods acquired from Aquila amounted to	-	7,329
At the year end amounts outstanding to Aquila Business Solutions	-	-
	-	-
During the year the academy acquired services from Advance Learning, in which Mr T Smith has an interest.	29,546	36,146
At the year end the amount owing to Advanced Learning was:	-	-

33. CONTROLLING PARTY

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