

Company Registration Number: 07683660 (England and Wales)

JOHN SPENDLUFFE TECHNOLOGY COLLEGE

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018



JOHN SPENDLUFFE TECHNOLOGY COLLEGE
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members

Trustees

Mr S Beverley (resigned 31 August 2018)
Mr P Milson
Mr G Willoughby
Mr G Crust
Mrs D Forster (resigned 31 August 2018)
Mr R Follett
Mrs T Chatterton
Mrs J Sharp
Mrs S Gibney
Mr D Allen
Mrs L Iaquaniello
Mrs L Ailsby
Mr R Snell
Mr P Stupple (resigned 31 December 2017)

Company registered number

07683660

Company name

John Spendluffe Technology College

Principal and registered office

Hanby Lane, Alford, Lincolnshire, LN13 9BL

Company secretary

Mr Jonathan Treasure

Senior management team

Mr Steven Beverley, Head teacher
Ms Joyce Shorrock, Deputy Head teacher / Acting Head teacher for 2017 - 18
Mr Jonathan Treasure, College Business Manager

Independent auditors

Duncan & Toplis Limited, 15 Chequergate, Louth, Lincolnshire, LN11 0LJ

Bankers

Lloyds bank, 24 Mercer Row, Louth, Lincolnshire, LN11 9JH

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018

Advisers (continued)

Solicitors

Anthony Collins Solicitors LLP, 134 Edmund Street, Birmingham, B3 2ES

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year/period of September 2017 until end of August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy operates an academy for pupil aged from 11 to 16 years old and serves a catchment area of the market town of Alford and surrounding villages and towns. It has a capacity of 625 pupils and had a roll of 600 in the school census on October 2018.

Structure, governance and management

a. CONSTITUTION

The Academy is a charitable 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.

The Trustees of John Spendluffe Technology College are also the directors of the charitable company for the purpose of company law.

The charitable company operates as John Spendluffe Technology College.

Details of the Trustees who served during the are included in the Reference and administrative details on page 1.

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

c. TRUSTEES' INDEMNITIES

A full trustees' indemnity insurance is taken out with the Department for Education's Risk Protection Arrangement (RPA). Each member has cover of £5,000,000. This is reviewed annually to protect against potential risk. The cost of this insurance is deducted from the General Annual Grant (GAG) issued to the Academy and is deducted on a monthly basis at source.

Principal activity

The principal activity of the Academy is 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 offering a broad and balanced curriculum.

d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

Governors are subject to retirement by annual rotation, but are eligible for re-election at the meeting at which they retire. At each Annual General Meeting of the Charitable Company, election of the Chair and Vice Chair for the coming twelve months takes place by method of majority voting.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The training and induction provided for new Trustees will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal and financial matters. All new Trustees and Governors are given a tour of the Academy and the chance to meet with staff and students.

All Trustees are provided with copies of relevant policies, procedures, minutes, meeting schedules, plans and other documents that they will need to undertake their role as Trustees. An Induction Guide for new Trustees has been created to ensure that they are fully engaged with the Academy and understand the role they are committing to. As there are normally few new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

Trustees will usually be issued with the latest version of the NGA Governors Handbook in addition to the 'Keeping Children Safe in Education' document and the Child Protection & Safeguarding and Prevent Policies which they will sign to say they have read and understand their responsibilities in relation to these crucial areas. They are also briefed on their ICT and E-Safety responsibilities in accordance with present policies.

f. ORGANISATIONAL STRUCTURE

The Academy is overseen by one Head teacher and they are supported in delivering the educational, behavioural and financial requirements by the Senior Leadership Team. This consists of one Deputy Head teacher, three Assistant Head teachers, one Special Educational Needs Co-ordinator, and the College Business Manager. During the 2017-18 academic year, following the absence of the Head teacher due to illness, two additional 'Associate Members' joined the SLT to assist with the workload.

Decisions over curriculum, finances, recruitment and restructuring are discussed between the Head teacher, SLT and College Business Manager as deemed appropriate. The Head teacher is the Accounting Officer for the Academy with the Business Manager as the Chief Financial Officer.

g. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The pay scales for the Head teacher, Deputy Head teacher, SENCO and Assistant Head teachers are set using the national pay scales and pay progression for those roles is subject to the completion of a satisfactory performance management review. The Head teacher's review includes an external advisor to demonstrate fairness in the assessment being made. The school follows a pay policy to be consistent in its approach. Due to a number of SLT being within their roles for many years they have reached the optimum level for their role.

The pay scale of the College Business Manager follows the GLEA pay scales for support staff and is a Grade 8 role between scale points 21 and 24. Again, due to the length of time this person has been in position the incumbent has reached the optimum level for their role.

Given the circumstances of the year with the absence of Head teacher Mr Beverley due to ill health, the decision was taken to award all serving members of SLT with an additional one point rise to their pay grade to reflect the increased workload. This will be reviewed and reassessed once a new Head teacher and Deputy have been appointed and are in role serving.

Any staff governors which serve on the JSTC governing body follow their own respective pay bandings whether these be teaching pay levels (JSTC usually follow NASUWT template) and GLEA for support staff members.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

h. TRADE UNION FACILITY TIME

Relevant union officials

Number of employees who were relevant union officials during the year	2
Full-time equivalent employee number	2

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	2
51%-99%	-
100%	-

Percentage of pay bill spent on facility time £

Total cost of facility time	-
Total pay bill	-
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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i. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

John Spendluffe Technology College is not part of a federation with other schools and does not operate within a 'Trust' with any other schools, colleges or higher education organisations.

Owing to the nature of the Academy's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have 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.

Interactions occur with the following organisations (as declared in the counterparty return): Alford Sports Hall Association (on a chance to share agreement of school sports hall) who act as a management company for the hiring of the multi-use games area and main hall lettings. JSTC interacts with Alford Primary School, Wither Primary School, East Wold Primary School and North Cockerington over the provision of school meals and hires out the main school swimming pool to Partney, Alford and Willoughby Primary Schools during the summer.

As an outward facing school, we engage with Lincolnshire Teaching School Alliance and Bishop Grosseteste for the training and recruitment of teachers and to assist with their CPD and progression.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Risk management

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy and its finances. The Trustees have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance.

They have introduced systems, including operational procedures (e.g. Enhanced DBS checking for new staff and visitors, supervision of contractors when undertaking works on school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains, they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls.

Objectives and Activities

a. OBJECTS AND AIMS

The Academy objects are specifically restricted to the following:

a) 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 offering a broad and balanced curriculum ("the Academy") and

b) to promote for the benefit of individuals living in the Alford and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

Objectives

The main objectives of the Trust during the year ending 31 August 2018 were as follows:

Teaching and Learning

- Continue to develop the curriculum to respond to changing government floor targets, particularly the Progress 8 measure.
- Develop and improve as required, intervention strategies and monitor the effectiveness of the intervention.
- To develop Continuing Professional Development (CPD) performance in the Academy and support the NQT Teaching staff to ensure they complete their first year in the profession.
- Develop the system of target setting and its use to raise standards.

Care and Guidance

- Continue to ensure students have access to career advice and opportunity to meet with further education providers through trips and inviting providers into school.
- Develop strategies to further improve attendance and inclusion at the Academy to ensure students benefit from the good standard of education on offer.
- Enhance and further develop the already positive attitudes to learning by remodelling the core values. These are now to be Respect, Resilience and Responsibility.
- Remodel the pastoral system with a move from a three house system to a year group tracking system. This will enable the staff involved to deliver a more personalised level of response to parents and ensure that

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

students are engaged with their attendance, behaviour and are aware of their academic progress so strategies can be implemented to support wherever required.

Staff Development

- Continue to develop coaching and mentoring through the Academy's appraisal process;
- Developing leadership at all levels, including support staff,
- Quality assurance of teaching, assisted with peer review of other similar schools;
- Continue to develop the Teaching & Learning group,
- Further develop networking links to support staff development through association to Lincolnshire Teaching School Alliance (LTSA).
- Undertake 'in house' NQT teacher training of four newly qualified teachers in collaboration with LTSA
- The Academy has started to look at succession planning in a number of areas and has adopted a 'grow your own' approach to support staff recruitment wherever possible. Apprentices have been recruited in both the canteen and administration areas with further opportunities to be made available over the course of time.

Environmental

- Maintaining a safe, warm and welcoming environment suitable for learning;
- Ensuring health and safety issues are kept at the forefront of the maintenance team priorities;
- Upholding legal requirements for fire and electrical safety;
- Ensuring the site and accommodation is suitable to meet the needs of the curriculum;
- Developing an on-going planned maintenance regime and refurbishment programme;
- Upgrading and replacing areas of the site to make the best use of the space available;
- Providing required enhancements for students to enable them to have access to the full curriculum;
- Pursuing funding for additional accommodation and facilities through the Conditions Improvement Fund bidding process.

Strategies

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

'JSTC prides itself on creating a warm, nurturing and respectful learning environment at the heart of its local community.

As a school, we value, appreciate and celebrate the achievements and efforts of our students. Our aim is to ensure they leave school as resilient, respectful, confident and responsible young adults'.

Strategic activities and achievements of the Academy during the year included:

- Development of the Key Stage four curriculum to respond to student demand and new performance measures with the introduction of Progress 8 measures in more subjects
- Effective use of tracking, monitoring and support leading to successful attainment in the 2018 exam results
- Refined procedures for the monitoring of Teaching and Learning to support the appraisal process
- A personalised programme of professional development offered to staff to develop teaching and learning even further
- Effective tracking, support and intervention to help focus groups, such as Pupil Premium students, those with Special Educational Needs and Higher Ability Pupils (HAPS), make significant progress.
- Effective primary liaison has significantly enhanced the Academy's popularity within the locality
- Implementation of 'Life After Levels' giving parents a more concise report on their child's abilities.

Activities

The principal activity of the Academy is 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 offering a broad and balanced curriculum.

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TRUSTEES' REPORT (continued)
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Equal opportunities policy

The Governing Body of the Academy aims to provide an appropriate learning experience for all students, whatever their colour, origin, culture, gender, religion or ability. The Academy has high expectations of all students.

The Governing Body of the Academy aims to support the creation of an environment that will eliminate unlawful, direct and indirect discrimination and promote equality of opportunity.

Disabled persons

The Academy buildings have been modified to have provision and accessibility for people with disabilities so that they may be integrated fully into Academy life. The curriculum will be designed so that it may be delivered to provide flexible and equal access to all students whether able or disabled as far as is practicable within a mainstream educational establishment.

Public benefit

In line with the requirements of the SORP and the Charities Commission the Trustees can confirm that they have had due regard to the definitions of "public benefit".

Achievement and performance

Before going into detail on the academic success of John Spendluffe Technology College for the period of 2017-18 the trustees feel that it is entirely appropriate to highlight some significant issues which affected the Academy during the academic year.

Firstly, on the 3rd September 2017, the whole school community was in shock at the news that Head teacher, Steven Beverley had suffered a large stroke which would ultimately see him forced to retire from the teaching profession in August 2018. Plans were put in place immediately for serving Deputy Head teacher, Ms Joyce Shorrock to assume the role of 'Acting Head teacher'. This is a role that she would be forced to carry out for the full academic year, without another deputy head teacher to support her, due to the unclear position over Mr Beverley's health which only transpired after many months of absence.

The strain placed on the remainder of the Senior Leadership Team was immense and was felt across the team. In May 2018, two Associate Members joined the SLT to assist with the workload and this was a timely intervention given the subsequent visit of Ofsted in June 2018.

Ofsted were welcomed to JSTC for the inspection but with the visit only being for one day, many assumptions had been made prior to the visit taking place and willingness to listen to or understand counter arguments offered was limited. The school remains as 'Good' but some areas were suggested for improvement ahead of another potential visit in 2019.

With reference to the aims and objectives the Academy has a number of achievements to report.

We have ensured that resources and funding have been directed where most needed to meet the educational needs of our pupils. The Academy has shown success again in overall educational results in Summer 2018 with strong basics figure for a school of our type. The past cohort presented with significant challenges and 5 outliers were identified by the school – although the current political climate does not enable these to be removed from our figures. As a school with increasing PP, significant mobility and the removal of the more able HAPs we can demonstrate that the data below represents the hard work of staff with this year group. Summer born children represented 46% of the cohort, a disproportionate number of males and significant mobility. Analysis has shown that staff forecasting is accurate and it is interesting to note that the current cohort are already presenting more positive data than that obtained in the summer.

The data must also be read in the context of the changes in assessment structure that disproportionately affects

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secondary modern schools. The decline in points available for grades of C equivalent and below results in a disproportionate reduction in the A8 values for a secondary modern school. The P8 calculation is less valid where a component of the cohort has been filtered out. This results in the need to consider the following:-

LAPs	-0.06	UCI	0.63
MAPs	-0.26	UCI	0.08
HAPs	-0.79	UCI	-0.31

The secondary modern loses a significant proportion of the more able HAPs. Therefore the impact on this group of students is not unexpected given the uneven performance of maths and English at KS2 and the higher estimates for English over maths until a FPS of 5.3 or greater is seen from KS2. Students with a FPS of 5.3 or over are likely to have passed their 11 plus and not be in a secondary modern school.

The key figures for the Academy are:

Progress 8:	-0.39 (with an upper confidence limit of -0.13)
Attainment 8:	39.07
Basics:	50% at standard pass (grade 4) and 20% at strong pass (grade 5)
Ebacc:	11% at standard pass (grade 4) and 3% at strong pass (grade 5)

John Spendluffe Technology College continues to develop and monitor the proven system for tracking student progress across all year groups and their achievement provide the basis for early, effective and appropriate intervention in key subject areas. The Academy also provides additional targeted support for students by running weekend, half term and Easter revision sessions to ensure the students are reaching their full potential.

The Senior Leadership team at the Academy closely monitors the performance of both teaching and support staff under their line management areas of responsibility by following clearly outlines performance management processes. This ensures that appropriate training, support and actions are taken to address any weaknesses in performance or that career and professional development is put in place should they wish to add to their current abilities.

The Academy has continued to successfully develop a personalised approach to learning for both staff and students. This has included developing the academies curriculum to suit the needs of the student body, particularly at Key Stage four, and tailored professional development for staff.

Achievements and performance

Strategic report

a. KEY PERFORMANCE INDICATORS

see above and previous page.

b. 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Financial review

a. RESULTS AND RESERVES POLICY

Financial report for the year

The majority of the Academy's income is obtained from the Department for Education (DfE) in the form of recurrent grants. The grants received from the DfE during the period ended 31 August 2018 and the associated expenditure are shown in the statement of financial activities.

During the year ended 31 August 2018, total funding was £4,179,121 compared to total resources expended of £4,489,092 to give a deficit for the year of £309,971 after depreciation of £279,726. The loss of £309,971 is before the actuarial pension figure of £530,000.

At 31 August 2018, the net book value of fixed assets was £7,458,868. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

The Academy held fund balances at 31 August 2018 of £329,235 comprising £501,662 of restricted funds; a pension reserve deficit of £1,075,000 and £244,103 of unrestricted general funds.

Reserves policy

The Trustees of John Spendluffe Technology College have been notified of the amount the Academy holds in reserve. Discussion has also taken place on why reserves have been built up and what the long term plans for these reserves will be.

The Academy's 'free' reserves are its funds after excluding restricted funds. 'Reserves' are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'free reserves' represent income to the Academy which is to be spent at the Trustees' discretion in furtherance of any of the Academy's objects but which is not yet spent, committed or designated.

The trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams. The trustees have determined that the appropriate level of free reserves should be equivalent to two months' expenditure, which is approximately £500,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves is £745,765.

The level of restricted funds at the period end, excluding the restricted fixed asset fund; endowment fund and the pension reserve, amounted to £501,662.

Funds in deficit

The Academy's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme and consequently the Academy balance sheet shows a net liability of £1,075,000. However, the deficit does not mean that an immediate liability for this amount crystallises. The contribution rate to reduce the liability is calculated by an independent actuary and is reported within the notes to the financial statements.

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b. MATERIAL INVESTMENTS POLICY

Due to the uncertainty from year to year surrounding educational budgets, the Trustee's do not feel that they could commit funds to a long term investment with a financial institution. Instead, the Trustee's delegate the responsibility for obtaining the best interest rate possible, with no risk to the capital involved, on a short term deposit account basis. i.e. no longer than one year. The College Business Manager is responsible for sourcing these rates and will arrange for this to be made.

Any available funds the academy have been placed into a 95 day notice business account with Clydesdale bank.

c. PRINCIPAL RISKS AND UNCERTAINTIES

The Academy's financial risk is not immediately at stake as prudent budget setting and good financial management have allowed healthy reserves to be put in place to deal with factors that are beyond the Academy's control. i.e. alterations to the national funding formula which provides John Spendluffe Technology College with its annual budget or reductions in certain streams of funding e.g. Higher Needs for SEN students / Education Support Grant.

d. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Academy's long term future is at the centre of every decision that is taken by the Head teacher and Trustee's. Any monies allocated for enhancing the site have been carefully considered with best value for money being exercised on each occasion. Projects have been considered wisely, making best use of the existing space available with renovation of existing areas taking precedence over 'new build' wherever possible.

When allocating the annual budget, this centres around providing the best resources and environment to enhance the learning of our pupils. Ensuring they are given as much support as possible to reach their full potential is paramount to any decisions that are made. This is evident in the quality of classroom teacher and support staff we recruit, the contractors we engage with to maintain the site right down to the computers, materials and stationery they use when in their lessons.

Fundraising

We do not carry out any fundraising activities for the Academy's own benefit, other than voluntary non-uniform days for the students where £1 is charged, and any funds raised are paid into our School Fund account.

We do not work with any professional fundraisers.

If we were to fundraise, we would conform to recognised standards, would monitor the fundraising activities appropriately, would handle any fundraising complaints professionally and would protect the public, including vulnerable people, from unreasonably intrusive or persistent approaches.

Plans for future periods

a. FUTURE DEVELOPMENTS

The Academy was successful in securing funding from the ESFA Conditions Improvement Fund (CIF) from the bid lodged in December 2017 to enable the replacement of single glazed, wooden frame Windows situated in the main building. These covered the Science laboratories as well as the main hall and toilets. A grant of

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£116,763 was granted by the Education and Skills Funding Agency and all works in relation to this took place over the summer holidays during July/August 2018. The project was completed on time and on budget. Prior consent to the CIF bid being placed had been given by the trustees for a small amount of money to be taken from JSTC's reserves to support this project but this was not needed.

Another CIF bid was secured for the safe removal of a potentially dangerous substance found in the roof space in certain areas of the main building. A grant of £106,795 was allocated and work was undertaken in a 'locked down' site all summer with work being completed during July/ August 2018. The classroom and office spaces were fully tested prior to and after the work was undertaken and were passed as being entirely safe for use.

The Academy has an increasing roll of students and classroom space and some mobile facilities are nearing end of life. The trustees took the decision in May 2018 that work would begin on another brick built four classroom block to be constructed. This will be accompanied by a new toilet facility at a cost of approximately £600k which will be funded from the JSTC reserves.

Future aspirations include the technology wing of the school to be overhauled and modernised along with necessary fire alarm upgrade work through the main building. As a result of Art and Textiles being rehomed, in the fullness of time their areas may be amended for other subjects to use. Despite this significantly reducing the Academy's reserves, the trustees were unanimous that this was the right time to invest in the facilities of the academy, to ensure that students get the best possible learning facilities to be educated in.

The Academy will be submitting two bids through CIF for a final batch of window replacement for the remaining part of the main building. In addition to this, a similar sized bid for the modernisation of the whole schools fire alarm and intruder alarm will be submitted to further enhance site security and bring the existing system in line with modern guidelines. Bids will be placed for these two projects when the Conditions Improvement Fund (CIF) reopens in December 2018 and work is well under way in ensuring those bids are placed.

Smaller projects will continue to be funded, where possible, from the Devolved Capital funding that we receive from the ESFA each year in order to maintain the Academy site to the best of our ability. Funds were spent developing an Independent Learning Base area and Science preparation room in addition to the installation of CCTV cameras in the canteen during Easter 2018. This should ensure that behaviour can be monitored closely and allow students to work in isolation should they have broken the schools behaviour standards.

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the governing body, as the company directors, on 17 December 2018 and signed on its behalf by:


.....
Mr Peter Milson
Chair of Governors/Trustees

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Governing Body has delegated the day-to-day responsibility to the Head teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between John Spendluffe Technology College and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

GOVERNANCE

The John Spendluffe Technology College Full Governing Body meet five times per year and delegate responsibilities to three sub committees to cover the main areas of governance. These sub committees are: Finance & Buildings, Personnel and Strategic, Standards, Student and Curriculum Matters. Finance, Buildings & General Purpose and Strategic, Standards, Students and Curriculum Matters committees meet three times per year with Personnel meetings being held twice per year.

The information on governance included here supplements that described in the governors report and in the Statement of Trustees' responsibilities. The governing body has formally met 5 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
Mr S Beverley (Head teacher)	0	5 (serious illness)
Mr P Milson (Chair)	5	5
Mr G Crust	4	5
Mr G Willoughby (Vice Chair)	5	5
Mrs D Forster (resigned 31/08/18)	4	5
Mr P Stupple (resigned 31/12/17)	1	2
Mr D Allen	5	5
Mrs L Iaquaniello	3	5
Mr R Follett (Staff Trustee)	2	5
Mrs T Chatterton (Staff Trustee)	5	5
Mrs J Sharp (Staff Trustee)	4	5
Mrs L Ailsby	3	5
Mr R Snell	5	5
Mrs S Gibney	2	5
Ms J Shorrock	5	5
(not a trustee but Acting Head teacher for 2017-18)		

During the academic year, the board of trustees lost two individuals who were vastly experienced in the educational world due to other commitments and retirement. Being mindful and aware of these potential losses, the academy undertook a recruitment drive the previous summer to ensure this loss was not felt so dramatically. A Governor skills audit was undertaken early in 2018 and has flagged up a few areas where additional training may be required. Plans have been put in place for this training on understanding data, preparing for Ofsted and understanding the basics of governance (as a refresher to long serving governors) to take place early in 2019.

The Finance, Buildings and General Purposes Committee is a sub-committee of the main board of trustees. The purpose is to:

JOHN SPENDLUFFE TECHNOLOGY COLLEGE
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

- Set a balance budget and ensure the appropriate use of funds
- Respond to changes in staffing, utility supply and rising costs as the year progresses to ensure the academy remains on track and is financially sound. However, this is not always possible and the school must be able to function on a day to day basis with appropriate staffing and equipment to ensure the curriculum can be achieved
- Discuss and budget for potential building projects and ensure that best value for money is achieved by undertaking successful tender processes.

The composition of the Finance & Buildings committee is a wide blend across many sectors. Mr Crust is the Chairman of the local drainage board responsible for the largest budget in that sector within the UK, Mr Milson is a retired Director of Kodak, Mr Willoughby is a retired farmer, Mrs Sharp is a serving teacher, Mrs Ailsby is a book keeper by profession and Mr Snell a builder.

Attendance at meetings in the year was as follows:

Trustee	Meetings Attended	Out of a possible
Mr G Crust (Chair)	3	3
Mr P Milson	2	3
Mr G Willoughby	3	3
Mrs J Sharp	3	3
Mrs L Ailsby	2	3
Mr R Snell	2	3
Ms J Shorrocks	3	3

REVIEW OF VALUE FOR MONEY

As accounting officer the Head teacher has responsibility for ensuring that the academy 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 academy use its resources to ensure it 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 appropriate. The accounting officer for the academy has delivered improved value for money during the year by:

Effective Purchasing

The limits and processes for department and budget heads are clearly defined within the Academy's Finance & Purchasing & Tendering Policies and therefore responsibility is delegated to budget holders for ensuring that value for money is sought within their area of responsibility.

Longer term contracts (e.g. two or three years) have been entered into to deliver value for money and to safeguard against potential rises within that time period. E.g. Energy suppliers, Grounds Maintenance and IT educational software such as GCSE Pod or SMID. The rationale for longer term contracts is to benefit from any discounts that may be on offer, provide consistency and build rapport with the provider and also to allow for longer term budget planning.

Examples of actions the school has taken to ensure value for money when undertaking purchases are:

- Consider different suppliers, even for small purchases, using the internet, sales representatives and supplier catalogues. E.g. for text book orders we use Amazon, Browns for Books, Waterstones and Umbrella Education to find the best price for each item
- Annual contracts are reviewed to ensure they are still fit for purpose and that they are being used for the optimum benefit of the Academy. E.g. Renegotiation of the Gas and Electricity supply with existing supplier was with the clear guidance that prices would need to be equal to or preferably lower than presently supplied otherwise business would be taken to a competitor firm. Our current energy supplier could not match the deal offered from a new supplier so a decision was taken to switch as this would save over £5,000 over the year.

JOHN SPENDLUFFE TECHNOLOGY COLLEGE
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GOVERNANCE STATEMENT (continued)

- The school tendering policy ensures that tenders / quotations are obtained where appropriate to ensure value for money on all major expenditure. An example of this can be found within the tendering process when deciding which firm of contractors the school would engage with on CIF projects and the construction of the new classroom block. Quotations were obtained from three separate organisations to ensure the right specifications and prices were achieved.

Income Generation

The Academy looks to generate income from letting out the school premises wherever possible. The floodlit astro turf pitch is used by the local community sporting groups during weekday evenings. The main school hall continues to be used for a fitness class letting in the week as another minor income stream. JSTC hires out its open air swimming pool during the summer months to neighbouring primary schools. They use the swimming pool for swimming tuition during the school day.

JSTC remains the catering provider for four neighbouring, local authority maintained primary schools showing its commitment to collaborating with other schools wherever possible. The income levels achieved by the provision of meals to these primaries, in addition to the income received from the sale of meals to JSTC students. Levels of income have been shown as sustainable in previous years but dipped slightly in the 2017-18 financial year. Whilst we are still a popular choice with these schools, work needs to be done to increase sales and make this profitable for years to come.

The Academy diversified its core business a couple of years ago by moving into the field of undertaking Portable Appliance Testing for a few local primary schools showing further diversity to the income streams. Academy staff members have the relevant equipment and qualifications to fulfil this service and can assist the primaries by saving them time and money by having external firms undertake the work at a greater cost.

Any surplus monies that are at the Academy's disposal are actively managed by the College Business Manager and are invested in suitable interest bearing accounts with no risk to the capital.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in John Spendluffe Technology College for the year ended 31 August 2018 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 Governing body 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 year ending 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;

JOHN SPENDLUFFE TECHNOLOGY COLLEGE
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GOVERNANCE STATEMENT (continued)

- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The governing body has considered the need for a specific internal audit function and has decided to appoint an internal auditor. JSTC governors rely on the Internal Assurance reports provided by Duncan & Toplis who undertake the statutory audit work for the Academy. These reports give them reassurance that the academy is continuing to meet the requirements of delivering robust internal controls. This is a slight alteration to the system used in previous years as the role of the Responsible Officer has evolved into this new framework. The governing body appreciate the service undertaken by Duncan & Toplis as it gives them peace of mind over the operations within the academy.

Duncan & Toplis' role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period include:

- Testing of payroll systems
- Testing of purchase systems
- Testing of control account / bank reconciliations

On a quarterly basis, Duncan & Toplis will report to the board of trustees through the Finance committee on the operation of systems of control and on the discharge of the board of trustees' financial responsibilities.

JOHN SPENDLUFFE TECHNOLOGY COLLEGE
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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

As Accounting Officer, Mr Steven Beverley has responsibility for reviewing the effectiveness of the system of internal control.

Due to his unfortunate absence from work due to ill health, Ms Joyce Shorrocks has assumed the role of Acting Head teacher in his absence for the foreseeable future.

During the year in question the review has been informed by:

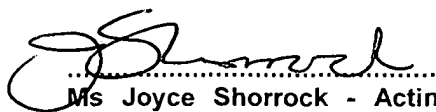
- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Buildings and General Purposes 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 governing body on 14 December 2018 and signed on their behalf, by:



Mr Peter Milson
Chair of Governors/Trustees



**Ms Joyce Shorrocks - Acting Head teacher on
behalf of Mr Steven Beverley**
Accounting Officer / Head teacher

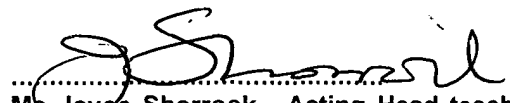
JOHN SPENDLUFFE TECHNOLOGY COLLEGE
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of John Spendluffe Technology College, I have considered my responsibility to notify the Academy trust governing body and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2017.

I confirm that the academy trust board of trustees are able to identify and material irregular or improper use of all 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 2017.

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 ESFA.



.....
**Ms Joyce Shorrocks - Acting Head teacher on behalf of Mr Steven
Beverley**
Accounting Officer / Head teacher

JOHN SPENDLUFFE TECHNOLOGY COLLEGE
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Governors (who act as trustees for charitable activities of John Spendluffe Technology College also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the governing body on 17 December 2018 and signed on its behalf by:



Mr Peter Milson
Chair of Governors/Trustees

JOHN SPENDLUFFE TECHNOLOGY COLLEGE
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF JOHN SPENDLUFFE TECHNOLOGY COLLEGE

OPINION

We have audited the financial statements of John Spendluffe Technology College (the 'Academy') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

JOHN SPENDLUFFE TECHNOLOGY COLLEGE
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF JOHN SPENDLUFFE TECHNOLOGY COLLEGE

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report including the Strategic report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

We have nothing to report in respect of the following matters in relation to which 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.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy or to cease operations,

JOHN SPENDLUFFE TECHNOLOGY COLLEGE
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF JOHN SPENDLUFFE TECHNOLOGY COLLEGE

or have no realistic alternative but to do so.

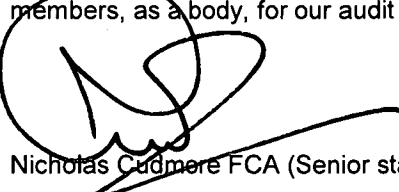
AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

USE OF OUR REPORT

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 opinions we have formed.



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:

17th December 2018

JOHN SPENDLUFFE TECHNOLOGY COLLEGE
(A company limited by guarantee)

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO JOHN SPENDLUFFE TECHNOLOGY COLLEGE AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 5 December 2014 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by John Spendluffe Technology College during the year 1 September 2017 to 31 August 2018 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 John Spendluffe Technology College and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to John Spendluffe Technology College and the ESFA 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 John Spendluffe Technology College and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF JOHN SPENDLUFFE TECHNOLOGY COLLEGE'S AND THE REPORTING AUDITORS

The is responsible, under the requirements of John Spendluffe Technology College's funding agreement with the Secretary of State for Education dated 29 July 2011, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. 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.

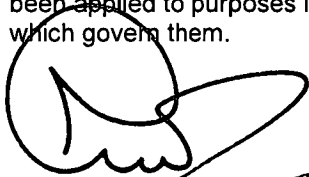
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

JOHN SPENDLUFFE TECHNOLOGY COLLEGE
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INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO JOHN SPENDLUFFE TECHNOLOGY COLLEGE AND THE EDUCATION & SKILLS 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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Nicholas Cudmore FCA (Senior statutory auditor)

for and on behalf of

Duncan & Toplis Limited

Chartered Accountants and Statutory Auditors

15 Chequergate
Louth
Lincolnshire
LN11 0LJ

Date: 17th December 2018

JOHN SPENDLUFFE TECHNOLOGY COLLEGE
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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

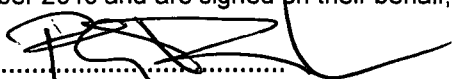
	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	44,422	-	237,092	281,514	136,127
Charitable activities:	3					
Funding for the Academy's educational operations		-	3,506,493	-	3,506,493	3,338,076
Other trading activities	4	386,971	-	-	386,971	378,119
Investments	5	4,143	-	-	4,143	3,852
TOTAL INCOME		435,536	3,506,493	237,092	4,179,121	3,856,174
EXPENDITURE ON:						
Raising funds		7,254	-	-	7,254	117,245
Academy trust educational operations		383,700	3,818,412	279,726	4,481,838	3,977,799
TOTAL EXPENDITURE	8	390,954	3,818,412	279,726	4,489,092	4,095,044
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	15	44,582	(311,919) (359)	(42,634) 359	(309,971)	(238,870)
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		44,582	(312,278)	(42,275)	(309,971)	(238,870)
Actuarial gains on defined benefit pension schemes	21	530,000	-	-	530,000	743,000
NET MOVEMENT IN FUNDS		574,582	(312,278)	(42,275)	220,029	504,130
RECONCILIATION OF FUNDS:						
Total funds brought forward		199,521	(791,060)	7,501,143	6,909,604	6,405,474
TOTAL FUNDS CARRIED FORWARD		774,103	(1,103,338)	7,458,868	7,129,633	6,909,604

JOHN SPENDLUFFE TECHNOLOGY COLLEGE
(A company limited by guarantee)
REGISTERED NUMBER: 07683660

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	12		7,458,868		7,501,143
CURRENT ASSETS					
Debtors	13	195,367		102,498	
Cash at bank and in hand		976,742		1,077,976	
		<u>1,172,109</u>		<u>1,180,474</u>	
CREDITORS: amounts falling due within one year	14	(238,344)		(167,013)	
NET CURRENT ASSETS			<u>933,765</u>		<u>1,013,461</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,392,633</u>		<u>8,514,604</u>
Defined benefit pension scheme liability	21	(1,263,000)		(1,605,000)	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>7,129,633</u></u>		<u><u>6,909,604</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	15	689,662		813,940	
Restricted fixed asset funds	15	7,458,868		7,501,143	
Restricted income funds excluding pension liability		<u>8,148,530</u>		<u>8,315,083</u>	
Pension reserve		(1,263,000)		(1,605,000)	
Total restricted income funds			<u>6,885,530</u>		<u>6,710,083</u>
Unrestricted income funds	15		<u>244,103</u>		<u>199,521</u>
TOTAL FUNDS			<u><u>7,129,633</u></u>		<u><u>6,909,604</u></u>

The financial statements on pages 25 to 51 were approved by the Trustees, and authorised for issue, on 17 December 2018 and are signed on their behalf, by:


.....
Mr Peter Milson
Chair of Trustees

JOHN SPENDLUFFE TECHNOLOGY COLLEGE
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	17	(105,018)	35,327
Cash flows from investing activities:			
Dividends, interest and rents from investments		4,143	3,852
Purchase of tangible fixed assets		(237,453)	(193,804)
Capital grants from DfE Group		237,092	102,483
Net cash provided by/(used in) investing activities		3,782	(87,469)
Change in cash and cash equivalents in the year		(101,236)	(52,142)
Cash and cash equivalents brought forward		1,077,978	1,130,120
Cash and cash equivalents carried forward	18	976,742	1,077,978

JOHN SPENDLUFFE TECHNOLOGY COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

John Spendluffe Technology College constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

JOHN SPENDLUFFE TECHNOLOGY COLLEGE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

Other income, including the hire of facilities and other trading activities, 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

Expenditure on raising funds includes all expenditure incurred by the Academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities are costs incurred on the Academy's educational operations, including support costs and those costs relating to the governance of the Academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% on cost
Leasehold property	-	Nil
Furniture and fixtures	-	25% on cost
Plant and equipment	-	20% on cost and 25% reducing balance

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.6 Operating leases

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

1.7 Debtors

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

1.8 Cash at bank and in hand

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

1.9 Liabilities and provisions

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

1.10 Financial instruments

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.11 Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.12 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.13 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 with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Other voluntary income	44,422	-	-	44,422	33,645
Capital Grants	-	-	237,092	237,092	102,482
	<u>44,422</u>	<u>-</u>	<u>237,092</u>	<u>281,514</u>	<u>136,127</u>
Total 2017	<u>33,645</u>	<u>-</u>	<u>102,482</u>	<u>136,127</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
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3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	3,097,243	3,097,243	2,960,964
Pupil Premium	-	222,969	222,969	211,660
Other DfE/ESFA Revenue grants	-	16,375	16,375	16,375
	-	3,336,587	3,336,587	3,188,999
Other government grants				
SEN 1-1 Funding	-	142,220	142,220	122,156
Other Local Authority revenue grants	-	25,286	25,286	23,521
Other government revenue grants	-	2,400	2,400	3,400
	-	169,906	169,906	149,077
	-	3,506,493	3,506,493	3,338,076
<i>Total 2017</i>	-	3,338,076	3,338,076	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Catering income	348,053	-	348,053	334,951
Sale of goods	25,285	-	25,285	24,866
Lettings income	10,751	-	10,751	10,842
Other income	2,882	-	2,882	7,460
	386,971	-	386,971	378,119
<i>Total 2017</i>	378,119	-	378,119	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank account interest	4,143	-	4,143	3,852
<i>Total 2017</i>	3,852	-	3,852	

6. DIRECT COSTS

	Educational operations £	Total 2018 £	Total 2017 £
Educational supplies	115,038	115,038	95,098
Technology costs	29,846	29,846	26,133
Examination fees	48,511	48,511	44,471
Staff development	17,212	17,212	9,125
Other costs	34,190	34,190	32,416
Wages and salaries	2,106,356	2,106,356	1,967,551
National insurance	198,246	198,246	192,028
Pension cost	410,847	410,847	368,549
Depreciation	279,726	279,726	245,948
	3,239,972	3,239,972	2,981,319
<i>Total 2017</i>	2,981,319	2,981,319	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

7. SUPPORT COSTS

	Educational operations	Total 2018	Total 2017
	£	£	£
Technology costs	15,629	15,629	14,373
Recruitment and support	22,551	22,551	27,948
Maintenance of premises and equipment	143,663	143,663	53,274
Cleaning	9,586	9,586	7,656
Rent and rates	23,740	23,740	18,797
Energy costs	65,726	65,726	57,629
Insurance	11,300	11,300	10,580
Telephone, postage and stationery	22,404	22,404	19,950
Catering	212,904	212,904	113,299
Other costs	48,173	48,173	54,557
Operating leases - other	1,818	1,818	1,818
Auditors' remuneration	14,000	14,000	9,850
Legal and professional fees	22,152	22,152	17,986
Wages and salaries	460,357	460,357	423,408
National insurance	25,379	25,379	22,659
Pension cost	142,484	142,484	142,696
	1,241,866	1,241,866	996,480
<i>Total 2017</i>	<i>996,480</i>	<i>996,480</i>	

During the year ended 31 August 2018, the Academy incurred the following Governance costs:

£36,152 (2017 - £27,836) included within the table above in respect of Funding for the academy trust's educational operations.

8. EXPENDITURE

	Staff costs 2018	Premises 2018	Other costs 2018	Total 2018	Total 2017
	£	£	£	£	£
Expenditure on fundraising trading					
Direct costs	-	-	7,254	7,254	115,495
Support costs	-	-	-	-	-
Educational operations					
Direct costs	2,715,449	189,484	335,039	3,239,972	2,981,319
Support costs	628,220	245,394	368,252	1,241,866	996,480
	3,343,669	434,878	710,545	4,489,092	4,093,294
<i>Total 2017</i>	<i>3,116,892</i>	<i>296,120</i>	<i>682,032</i>	<i>4,095,044</i>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	279,726	245,948
Auditors' remuneration - audit	7,500	7,500
Auditors' remuneration - other services	6,500	2,350
Operating lease rentals	1,818	1,818
	<u> </u>	<u> </u>

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**NOTES TO THE FINANCIAL STATEMENTS
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10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	2,555,650	2,340,867
Social security costs	223,625	214,687
Operating costs of defined benefit pension schemes	553,331	511,246
	<u>3,332,606</u>	<u>3,066,800</u>
Agency staff costs	-	41,192
Staff restructuring costs	11,063	8,900
	<u><u>3,343,669</u></u>	<u><u>3,116,892</u></u>

Staff restructuring costs comprise:

Severance payments	<u>11,063</u>	<u>8,900</u>
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b. Staff numbers

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

	2018 No.	2017 No.
Teachers	42	40
Management	1	1
Administration and support staff	59	55
	<u>102</u>	<u>96</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	37	36
Management	1	1
Administration and support staff	44	32
	<u>82</u>	<u>69</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

10. STAFF COSTS (continued)

c. Higher paid staff

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

	2018	2017
	No.	No.
In the band £60,001 - £70,000	0	1
In the band £70,001 - £80,000	1	0
In the band £80,001 - £90,000	1	0
In the band £90,001 - £100,000	0	1

The above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for the members and staff amounted to £27,382 (2017: £26,223).

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £520,250 (2017: £588,364).

11. TRUSTEES' AND OFFICERS' INSURANCE

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

12. TANGIBLE FIXED ASSETS

	Freehold property £	Assets under construction £	Furniture and fixtures £	Plant and equipment £	Total £
Cost					
At 1 September 2017	8,093,912	-	313,891	255,492	8,663,295
Additions	114,080	96,296	13,534	13,541	237,451
At 31 August 2018	8,207,992	96,296	327,425	269,033	8,900,746
Depreciation					
At 1 September 2017	849,017	-	158,760	154,375	1,162,152
Charge for the year	148,607	-	78,473	52,646	279,726
At 31 August 2018	997,624	-	237,233	207,021	1,441,878
Net book value					
At 31 August 2018	7,210,368	96,296	90,192	62,012	7,458,868
At 31 August 2017	7,244,895	-	155,131	101,117	7,501,143

Included within Freehold property is £670,617 (2017 - £670,617) relating to Freehold land which is not depreciated.

13. DEBTORS

	2018 £	2017 £
Trade debtors	24,545	22,394
VAT recoverable	64,121	27,270
Other debtors	-	6,745
Prepayments and accrued income	106,701	46,089
	<u>195,367</u>	<u>102,498</u>

14. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	98,183	34,307
Other taxation and social security	52,908	53,052
Other creditors	51,511	49,894
Accruals and deferred income	35,742	29,760
	<u>238,344</u>	<u>167,013</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

15. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Other income not for capital purposes	199,521	435,536	(390,954)	-	-	244,103
Restricted funds						
General Annual Grant (GAG)	673,454	3,097,245	(3,221,472)	(359)	-	548,868
Other DfE/ESFA grants	63,886	239,344	(239,033)	-	-	64,197
Government grants	76,600	169,904	(169,907)	-	-	76,597
Pension reserve	(1,605,000)	-	(188,000)	-	530,000	(1,263,000)
	(791,060)	3,506,493	(3,818,412)	(359)	530,000	(573,338)
Restricted fixed asset funds						
DfE/ESFA capital grants	826,613	237,092	(25,672)	(109,478)	-	928,555
Capital expenditure from GAG	386,199	-	(74,052)	109,837	-	421,984
Capital expenditure from other income	6,288,331	-	(180,002)	-	-	6,108,329
	7,501,143	237,092	(279,726)	359	-	7,458,868
Total restricted funds	6,710,083	3,743,585	(4,098,138)	-	530,000	6,885,530
Total of funds	6,909,604	4,179,121	(4,489,092)	-	530,000	7,129,633

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

15. STATEMENT OF FUNDS (continued)

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 £188,000. 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 £530,000 actuarial decrease 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 2018.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

15. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General funds						
Other income not for capital purposes	290,573	415,616	(506,668)	-	-	199,521
Restricted funds						
General Annual Grant (GAG)	683,287	2,960,964	(2,879,475)	(91,322)	-	673,454
Other DfE/ESFA grants	62,327	228,035	(226,476)	-	-	63,886
Government grants	-	149,077	(72,477)	-	-	76,600
Pension reserve	(2,184,000)	-	(164,000)	-	743,000	(1,605,000)
	<u>(1,438,386)</u>	<u>3,338,076</u>	<u>(3,342,428)</u>	<u>(91,322)</u>	<u>743,000</u>	<u>(791,060)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	727,010	102,482	(2,879)	-	-	826,613
Capital expenditure from GAG	353,676	-	(58,799)	91,322	-	386,199
Capital expenditure from other income	6,472,601	-	(184,270)	-	-	6,288,331
	<u>7,553,287</u>	<u>102,482</u>	<u>(245,948)</u>	<u>91,322</u>	<u>-</u>	<u>7,501,143</u>
Total restricted funds	<u>6,114,901</u>	<u>3,440,558</u>	<u>(3,588,376)</u>	<u>-</u>	<u>743,000</u>	<u>6,710,083</u>
Total of funds	<u>6,405,474</u>	<u>3,856,174</u>	<u>(4,095,044)</u>	<u>-</u>	<u>743,000</u>	<u>6,909,604</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Other income not for capital purposes	290,573	851,152	(897,622)	-	-	244,103
Restricted funds						
General Annual Grant (GAG)	683,287	6,058,209	(6,100,947)	(91,681)	-	548,868
Other DfE/ESFA grants	62,327	467,379	(465,509)	-	-	64,197
Government grants	-	318,981	(242,384)	-	-	76,597
Pension reserve	(2,184,000)	-	(352,000)	-	1,273,000	(1,263,000)
	<u>(1,438,386)</u>	<u>6,844,569</u>	<u>(7,160,840)</u>	<u>(91,681)</u>	<u>1,273,000</u>	<u>(573,338)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	727,010	339,574	(28,551)	(109,478)	-	928,555
Capital expenditure from GAG	353,676	-	(132,851)	201,159	-	421,984
Capital expenditure from other income	6,472,601	-	(364,272)	-	-	6,108,329
	<u>7,553,287</u>	<u>339,574</u>	<u>(525,674)</u>	<u>91,681</u>	<u>-</u>	<u>7,458,868</u>
	<u>6,114,901</u>	<u>7,184,143</u>	<u>(7,686,514)</u>	<u>-</u>	<u>1,273,000</u>	<u>6,885,530</u>
Total of funds	<u><u>6,405,474</u></u>	<u><u>8,035,295</u></u>	<u><u>(8,584,136)</u></u>	<u><u>-</u></u>	<u><u>1,273,000</u></u>	<u><u>7,129,633</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	100,892	-	7,357,976	7,458,868
Current assets	143,211	928,006	100,892	1,172,109
Creditors due within one year	-	(238,344)	-	(238,344)
Provisions for liabilities and charges	-	(1,263,000)	-	(1,263,000)
	<u>244,103</u>	<u>(573,338)</u>	<u>7,458,868</u>	<u>7,129,633</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	7,501,143	7,501,143
Current assets	199,521	980,953	-	1,180,474
Creditors due within one year	-	(167,013)	-	(167,013)
Provisions for liabilities and charges	-	(1,605,000)	-	(1,605,000)
	<u>199,521</u>	<u>(791,060)</u>	<u>7,501,143</u>	<u>6,909,604</u>

17. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(309,971)	(238,870)
Adjustment for:		
Depreciation charges	279,726	245,948
Dividends, interest and rents from investments	(4,143)	(3,852)
Increase in debtors	(92,869)	(40,735)
Increase in creditors	71,331	11,318
Capital grants from DfE and other capital income	(237,092)	(102,482)
Defined benefit pension scheme cost less contributions payable	146,000	117,000
Defined benefit pension scheme finance cost	42,000	47,000
Net cash (used in)/provided by operating activities	<u>(105,018)</u>	<u>35,327</u>

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18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank	148,981	254,142
Notice deposits (less than 3 months)	827,761	823,836
Total	<u>976,742</u>	<u>1,077,978</u>

19. 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 capital grant was received, the Academy is required either to re-invest the proceeds or to repay 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 expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

20. CAPITAL COMMITMENTS

At 31 August 2018 the Academy had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	<u>521,842</u>	<u>-</u>

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21. PENSION COMMITMENTS

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

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

Contributions amounting to £50,769 were payable to the schemes at 31 August 2018 (2017 - £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.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £220,900 (2017 - £238,296).

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21. PENSION COMMITMENTS (continued)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £205,000 (2017 - £204,000), of which employer's contributions totalled £162,000 (2017 - £165,000) and employees' contributions totalled £43,000 (2017 - £39,000). The agreed contribution rates for future years are 18.8% for employers and 5.5 - 12.5% for employees.

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

The LGPS is in deficit. In order to finance the academy's share of the deficit, the academy trust has entered into an agreement to make additional lump sum contributions in addition to the normal funding levels for future years. The agreed additional contributions are 2017/18 £25,000, 2018/19 £25,000 and 2019/20 £26,000.

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.70 %	2.80 %
Rate of increase for pensions in payment / inflation	2.30 %	2.40 %

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

	2018	2017
Retiring today		
Males	22.1	22.1
Females	24.4	24.4
Retiring in 20 years		
Males	24.1	24.1
Females	26.6	26.6

	At 31 August 2018 £	At 31 August 2017 £
Sensitivity analysis		
Discount rate -0.1%	101,000	100,000
Salary increase rate - +0.1%	20,000	22,000
Pension increase rate - +0.1%	79,000	76,000

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21. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,908,000	1,765,000
Debt instruments	392,000	272,000
Property	288,000	203,000
Cash and other liquid assets	26,000	23,000
Total market value of assets	<u>2,614,000</u>	<u>2,263,000</u>

The actual return on scheme assets was £59,000 (2017 - £43,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2018 £	2017 £
Current service cost	(308,000)	(282,000)
Interest income	59,000	43,000
Interest cost	(101,000)	(90,000)
Total	<u>(350,000)</u>	<u>(329,000)</u>

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

	2018 £	2017 £
Opening defined benefit obligation	3,868,000	4,165,000
Current service cost	308,000	282,000
Interest cost	101,000	90,000
Employee contributions	43,000	39,000
Actuarial gains	(404,000)	(672,000)
Benefits paid	(39,000)	(36,000)
Closing defined benefit obligation	<u>3,877,000</u>	<u>3,868,000</u>

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21. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	2,263,000	1,981,000
Return on plan assets (excluding net interest on the net defined pension liability)	59,000	43,000
Actuarial losses	126,000	71,000
Employer contributions	162,000	165,000
Employee contributions	43,000	39,000
Benefits paid	(39,000)	(36,000)
	<u>2,614,000</u>	<u>2,263,000</u>
Closing fair value of scheme assets	<u>2,614,000</u>	<u>2,263,000</u>

22. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts payable:		
Within 1 year	<u>966</u>	<u>966</u>

23. MEMBERS' LIABILITY

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

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NOTES TO THE FINANCIAL STATEMENTS
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24. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Income Related Party Transaction

During the year Alford County Primary School, a school in which Mr D Forster is Headteacher, paid £77,749 (2017 - £78,420) to use the Academy's swimming pool and canteen facilities. At the end of the year, £18,397 (2017 - £322) was still owing from the primary school.

Expenditure Related Party Transaction

During the year Alford Sports Hall Association, in which the trustee Mr P Milson has a connection with, were paid £2,500 (2017 - £2,500) as a contribution towards a new sports hall floor, £3,196 (2017 - £2,988) was generated in income from the use of the JSTC Astroturf and Hall lettings and £Nil (2017 - £592) was owing to the Academy at the year end. The Academy paid £1,157 (2017 - £1,314) to Alford Sports Hall Association as their management fee of the previously mentioned hirings/lettings.

All transactions were made at arm's length. In entering into these transactions the Academy has complied with the requirements of the ESFA's Academies Financial Handbook.