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Registered number: 8147330

SUDBURY PRIMARY SCHOOL

(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED ENDED 31 AUGUST 2016

LANDAU BAKER LIMITED

Chartered Accountants & Statutory Auditors

Mountcliff House

154 Brent Street

London

NW4 2DR



SUDBURY PRIMARY SCHOOL
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members

Ian Phillips
Judith Roach
Greville Thomas
Julian Samuels
Rishi Ramdhony

Trustees

Greville Thomas
Ian Phillips, Chair of Trustees (appointed 10 December 2015)
Mahendra Patel (resigned 7 January 2016)
Sajjad Afzal (resigned 28 March 2016)
Gill Bal (resigned 22 February 2016)
Nilanjana Bhattacharjee (resigned 10 December 2015)
Kamini Mistry, Acting Headteacher
Robert Wharton (resigned 31 January 2016)
Carl Nicholls (resigned 3 December 2015)
Julian Samuels, Vice Chair
Mathan Anandasivathas (resigned 1 February 2016)
Uma Pandya, Head Teacher (resigned 31 August 2016)
Fenton Higgins (appointed 23 February 2016)
Silvana Mazzaschi (appointed 14 June 2016)
Shihan Nagoor (resigned 17 July 2016)
Shailesh Parekh (appointed 23 February 2016)
Janet Pettitt (appointed 17 September 2015)
Rishi Rhamdhony (appointed 17 September 2015)
Rinkal Shah (appointed 14 June 2016)
Niva Thiruchelvam (appointed 23 February 2016)

Company registered number

8147330

Company name

Sudbury Primary School

Principal and registered office

Watford Road, Wembley, Middlesex, HA0 3EY

Company secretary

Irfan Khan

Senior management team

Kamini Mistry, Acting Principal
Andrea Bedeau, Acting Deputy Principal
Zakiya Taslim-Dean (resigned 03/06/2016), Assistant Head
Judith Roach, Business Manager

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED ENDED 31 AUGUST 2016**

Advisers (continued)

Independent auditors

Landau Baker Limited, Mountcliff House, 154 Brent Street, London, NW4 2DR

Bankers

Barclay Bank, 36/38 Park Royal Road, Park Royal, London, NW10 7JA

SUDBURY PRIMARY SCHOOL
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The trust operates an academy for pupils aged 3 to 11 serving a catchment area in Wembley. It has a pupil capacity of 930 and had a roll of 930 in the school census on 6 October 2016.

The year covered by this Report was the most tumultuous in the long history of Sudbury Primary School. Nine resignations and eight appointments to the Board of Trustees are clear evidence of turbulence but it is only right and proper that I draw attention to some of the seismic events that beset our school so that readers of this Report can gain a rounded view of the year's events.

My appointment as Chair in January 2016 was triggered by a request from my predecessor to the Department for Education to identify an outsider and National Leader of Governance to resolve some profound issues facing the school and to stabilise the Trust in order to build a sustainable future.

I inherited a situation where the long-standing Head had been suspended with no further action since the start of November 2015. Leadership of the school had been placed on the shoulders of an inexperienced acting Head (though a process to appoint two interim Executive Heads was well-advanced). In addition, there was trade union activity against the substantive Head's reinstatement, a parents' campaign to have her reinstated and systemic failures in governance compliance that demanded rapid rectification. Adverse media covering was an additional hindrance.

All this was on top of a demanding agenda that included managing the aftermath of a 'Requires Improvement' Ofsted, two large building projects and, of course, the overarching purpose of the Trust: delivering to 930 children an excellent primary school education in a safe and secure environment.

I am happy to report that all these issues had been resolved by 31st August 2016. A reinvigorated Board is working well with a new leadership team led by interim Executive Head, Terry Molloy, and Head Teacher, Beth Ragheb. As I write, the Trust is in the final stages of due diligence with a view to joining a co-created multi-academy trust, a development that the Board of Trustees is convinced will ensure the sustainable stability we all seek while preserving the very special qualities that make our School unique.

That we managed to achieve all this in six months is down to the very high levels of professionalism and dedication of my colleague governors and the entire staff of Sudbury Primary School, three of whom I would like to draw particular attention to. Mrs Kamini Mistry was made acting Head immediately after the substantive Head's suspension. In very challenging circumstances, she kept the school 'on mission' while responding to my wholly unreasonable demands in respect of resolving multiple legal issues. She was ably and conscientiously supported by acting Deputy Head, Ms Andrea Bedeau, who responded to her own increase in responsibility with integrity, tenacity and skill. Finally, I would like to mention Ms Judith Roach, the School's Business Manager. To her has fallen the burden of protecting the Trust's finances while overseeing the completion of the two building projects and producing data to support the various programmes needed to resolve problems and build future plans. That she has done so effectively is greatly appreciated, valued and recognized by the Board of Trustees.

My thanks go out to all those who make up the community that is Sudbury Primary School – governors, staff, unions, parents and, above all, our delightful pupils. Without their commitment to the cause, the Trust would undoubtedly be in a different, and less hopeful, position.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. CONSTITUTION

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The trustees of Sudbury Primary School Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Sudbury Primary School.

Details of the trustees who served during the period 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 they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

c. TRUSTEES' INDEMNITIES

Subject to the provisions of the Companies Act, every governor or other officer of the academy shall be indemnified out of the assets of the academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy.

d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The management of the Academy is the responsibility of the Governors who are elected and co-opted under the terms of the Articles of Association and funding agreement as follows:

- o The Head Teacher
- o Up to 3 parent governors, elected by parents
- o Up to 8 community governors, appointed by the members
- o Up to 2 staff governors elected by the staff, provided that the maximum number of staff governors does not exceed one third of the total number of governors
- o Any governors appointed by the Secretary of State for Education

The term of office for any governor is 4 years. The Head Teacher's term of office runs parallel with his/her term of appointment. Subject to remaining eligible to be a particular type of governor, any governor may be reappointed or re-elected

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

During the period under review, the governors held 8 full governing body meetings. The training and induction provided for new governors will depend on their experience. Where necessary an induction will provide training on charity and educational, legal and financial matters. All new governors are given a tour of the academy and the chance to meet with staff and students. All governors are provided with copies of policies, procedures, minutes, budgets, plans and other documents that they will need to understand their role as trustees and directors of the academy.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

f. ORGANISATIONAL STRUCTURE

The Academy has established a management structure to enable its efficient running. The structure consists of two levels: the governors and the executive who are the senior leadership team.

The governing body has considered its role thoughtfully and decided that the role of the governors is to approve the strategic direction and objectives of the academy and monitor its progress towards these objectives.

The governing body has approved a scheme of delegation which sets out a statement on the system of internal control, responsibilities, standing orders, a scheme of delegation and terms of reference. The Head Teacher is directly responsible for the day-to-day running of the academy and is assisted by a senior leadership team.

Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by use of budgets and making major decisions about the direction of the academy, including capital expenditure and senior staff appointments.

The Head Teacher assumes the accounting officer role.

Teachers at Sudbury are paid in accordance with the current School Teachers Pay and Conditions document issued by the DfE.

Non-teaching staff at Sudbury are paid in accordance with the London Borough of Brent Single Status pay scales, incorporating pay rises as negotiated by the National Joint Council (NJC).

All staff are performance managed and recommendations are submitted annual to the pay review committee for approval (formed with at least 3 Trustees).

g. RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

The Academy is the founding member of the Sudbury Primary School Academy Trust which is a separate Trust where Sudbury Primary School Academy is the only member. The Trust undertakes educational support activities.

The Brent Teaching School Alliance (BTSA) is a cross-phase strategic partnership group whose mission is to ensure that through collaboration, innovation, engagement and excellence that standards of teaching and learning are raised, resulting in improved pupil progress and attainment for every pupil in Brent and beyond.

Byron Court is the lead school for the Brent Teaching School Alliance with 9 strategic partners: the Institute of Education, Claremont High School Academy, Oliver Goldsmith Primary School, Sudbury Primary School, Mount Stewart Junior School, Uxendon Primary School, Wembley Learning Zone, the Gateway Teaching School Alliance and the Brent Schools Partnership (BSP).

BTSA works in the following key areas: Initial Teacher Training, NQT Induction, CPD and Leadership Development, Research and Development, School to School Support (SLEs and NLEs) and Professional Learning Networks.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED ENDED 31 AUGUST 2016

OBJECTIVES AND ACTIVITIES

a. OBJECTS AND AIMS

The principal object and activity of the Academy Trust is the operation of Sudbury Primary School Academy to provide a broad and balanced education for pupils of all abilities in the Wembley area. The governors have referred to the guidance issued by the Charity Commission in respect of public benefit when reviewing the aims and objectives of the academy.

In accordance with the articles of association, the academy has adopted a "Scheme of Government" approved by the Secretary of State for Education.

The Scheme of Government specifies, amongst other things, that the Academy will be at the heart of the community promoting community cohesion and sharing facilities; the basis for admitting students to the Academy, that the curriculum should be broad and balanced; there will be an emphasis on the needs of individual pupils including pupils with SEN; the basis for charging pupils.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

School Development Plan 2015/16

| Key Aspects of the Improvement Plan | How we will achieve this? |
|--|--|
| <p><u>Outcomes of Pupils</u> 100% of pupils to make at least expected progress in all year groups with at least 30% making more than expected progress.</p> <p>85% of pupils to achieve the expected standard by the end of Years 1, 3, 4 and 5 and 92% to achieve the expected standard in Years 2 and 6, in all core areas.</p> <p><u>Response to OFSTED</u> To improve the outcomes of phonics (see Post Ofsted Action Plan).</p> | <ul style="list-style-type: none"> • All teachers to know and track the attainment and progress of all groups. • Embedding of the new National Curriculum through focusing on mastery. • Fully implement assessment without levels agenda. • Identifying SMART targets for individual pupil needs. • Teachers to ensure pupils are given appropriate feedback to move their learning on. • All leaders to monitor the above. |
| <p><u>Teaching, Learning & Assessment</u> 90% of Teaching and Learning to be at least good.</p> <p>Further improve the provision for SEND.</p> <p><u>Response to OFSTED</u> Extend the skills and deepen understanding in mathematics for more able pupils (see Post Ofsted Action Plan).</p> | <ul style="list-style-type: none"> • Senior and middle leaders support T&L through drop-ins and identify and address areas of need through in class support, training and feedback. • Staff training on developing specific and measurable ILP targets. Acting SEND Leader to work closely with teachers to identify needs of individual pupils and manage external resources. • Specialist TAs to be in post and delivering specialist interventions across the school, e.g. Speech & Language, Occupational Therapy, Tailored Curriculum. |
| <p><u>Personal Development, Behaviour & Welfare</u> Consistent use of Class Dojo across the school with parental access through log-ins.</p> <p><u>Response to OFSTED</u> Behaviour Policy to be applied consistently across the school (see Post Ofsted Action Plan).</p> | <ul style="list-style-type: none"> • Behaviour leader to give staff clear guidance on issuing positive and negative dojo points. • Behaviour leader to monitor outcomes, provisions and support from Behaviour Review Group Meetings. • Behaviour Leader to ensure all classes have set up parental access to Class Dojo. |
| <p><u>Leadership and Management</u> Build highly effective leadership across the academy.</p> <p><u>Response to OFSTED</u> To rapidly improve Leadership and Management (See also the Governors' Action Plan)</p> | <ul style="list-style-type: none"> • All new and existing Senior and Middle Leaders are ably supported to carry out their roles effectively and efficiently, offering challenge where necessary. • Develop effective and efficient leaders through: Year Leader Meetings and coaching sessions, Leadership Team Meetings. |
| <p><u>Early Years Foundation Stage</u> Ensure the number of children who leave Reception with a good level of development remains above national figures.</p> | <ul style="list-style-type: none"> • Regular tracking and monitoring of data and provisions. |

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

c. PUBLIC BENEFIT

In setting the objectives, the governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. As an academy we make the best use of our skills, expertise and experience with regards to the community. Some examples of this are:

- o Raising money for local, national and international charities.
- o Liaise with local community providing pupil visits, school donations and participation in seasonal community events

STRATEGIC REPORT

ACHIEVEMENT AND PERFORMANCE

KEY FINANCIAL PERFORMANCE INDICATORS

Sudbury Primary School Academy opened as a converter academy in September 2012.

| Standards | 2014 | | 2015 | | 2016 |
|-----------------------------------|---------|----------|---------|----------|-------------------------------|
| EYFS Good Level of Development | 61 | | 72 | | 87 |
| Phonics | 74 | | 64 | | 87 |
| KS1 R W M | L2+: 94 | L2B+: 73 | L2+: 89 | L2B+: 74 | Expected: 55 |
| KS1 L3 R W M | 13 | | 16 | | Higher than expected: 3 |
| KS2 R W M | L4+: 92 | L4B+: 77 | L4+: 87 | L4B+: 75 | Expected: 51/54* |
| KS2 L5 R W M | 30 | | 28 | | Higher than expected: 8/9* |

*Unvalidated data

| Progress KS1-KS2 | 2014 | | 2015 | | 2016 |
|---------------------|------|-----|------|-----|------------------|
| | 2LP | 3LP | 2LP | 3LP | Progress Measure |
| Reading | 99 | 64 | 98 | 60 | 0.6 |
| Writing | 100 | 71 | 100 | 58 | 0.4 |
| Maths | 99 | 54 | 94 | 54 | 3.2 |

All figures in percentages except 2016 Progress Measures

School Absence Data

| | 2015/16 |
|--------------|-------------|
| Authorised | 3.3% |
| Unauthorised | 1.2% |
| Total | 4.5% |

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED ENDED 31 AUGUST 2016

a. GOING CONCERN

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

b. FINANCIAL REVIEW

During the period, EFA/LA grants received totaled £4,630,301 (2015: £4,695,481). Other income included within restricted funds totaled £228,98 (2015: £145,472). Restricted fund expenditure totaled £4,079,558 (2015: £4,008,812).

The main source of unrestricted income is trips and club income, totaling to £105,353 (2015: £113,246). Fundraising activities during the period included letting, trips and teachers programmes.

Most of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the 12 month period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of financial activities.

The Academy also received grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2015), such grants are shown in the Statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the academy. It should be noted that this does not present the academy with any current liquidity problem. The employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.

Overall, the Academy has a healthy balance sheet and cash flow and will be using the reserves to maintain the current assets and also to invest back into the school in the form of additional resources and facilities both in the long term and short term in conjunction with the school development plan and school aims.

During the period the school carried out extensive capital works. The existing school nursery was extended. The extension also included a new training room facility and a multipurpose room on the first floor. The school refurbished its Victorian building providing a music suite, drama hall, a multipurpose hall and other smaller rooms for school use. The facilities will be used to meet the needs of the 4 form entry school.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

a. RESERVES POLICY

The definition of reserves in the SORP is 'that part of a charity's income funds that is freely available for its general purposes'. This definition of reserves therefore normally excludes:

- o permanent endowment funds
- o expendable endowment funds
- o restricted income funds
- o any part of unrestricted funds not readily available for spending, specifically income funds which could only be realised by disposing of fixed assets held for charitable use

'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 'reserves' are income which becomes available to the Academy and is to be spent at the trustees' discretion in furtherance of any of the Academy's objects (sometimes referred to as 'general purpose' income) but which is not yet spent, committed or designated (ie is 'free').

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The governors will keep this level of reserves under review at each Board meeting and aim to build and maintain the reserves level by entering into cost effective agreements as noted in the review of value for money below, whilst in keeping with the principal object of the Academy.

Total reserves at the end of the period amounted to £405,541. This balance includes unrestricted funds (free reserves) of £313,054, which is considered appropriate for the Academy Trust, and restricted funds of £92,487.

The amount of designations made in relation to the unrestricted reserves totals to £NIL (2015: £NIL).

Within the reserves policy users should note that, because of accounting for the Local Government Pension Scheme (LGPS), the Academy recognises a significant pension fund deficit totaling to £1,179,000. This deficit is included within restricted funds. This does not lead to an immediate liability for this amount. Similarly, if there were a pension surplus included in the restricted fund this would not create an immediately realisable asset that can be released straight away and expended for the specific purposes of that fund.

Users should also note that a surplus or deficit position of the pension scheme would generally result in a cash flow effect for the Academy Trust in the form of an increase or decrease in employers' pension contributions over a period of years. The Academy Trust thus takes this fact into account when reviewing current business plans and budgets, ascertaining how the pension costs might affect budgets in the future. On the basis that increased pension contributions should generally be met from the Academy Trust's budgeted annual income, whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund or direct impact on the unrestricted reserves of the Academy Trust due to the recognition of the deficit.

b. INVESTMENT POLICY

It should be noted that the Academy has substantial power with regards to investments due to cash balances held. Investment policies are determined by the Governing Body. This ensures the level of funds the Academy holds can cover any immediate expenditure, without exposing the Academy to additional risk. Should any potential investment opportunity arise this would be escalated to the Board for consideration. The most typical investments that are held by academies are the Special Interest Deposit accounts which are immediately available to draw against. At 31 August 2016, no investments were held.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED ENDED 31 AUGUST 2016

c. PRINCIPAL RISKS AND UNCERTAINTIES

The Companies Act 2006 s417(3b) requires disclosure of the principal risks and uncertainties facing a company. The Academy is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the Academy's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The Academy's system of internal controls ensures risk is minimal in these areas.

A risk register has been established and is updated regularly. Where appropriate, systems or procedures have been established to mitigate the risks the Academy faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects.

The governors 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 governors have implemented a number of systems to assess risks that the school 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. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) 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 and this is explained in more detail in the Governance Statement.

It should also be noted that procedures are in place to ensure compliance with the health and safety regulations, pertaining to both staff and pupils.

Please refer to the Reserves Policy above for a description of the defined benefit pension scheme, in which there was a deficit at 31 August 2016.

d. PLANS FOR FUTURE PERIODS

Trustees at Claremont High School and Sudbury Primary School are proposing to establish a multi-academy trust that would be responsible for both schools. Consultation runs until 2nd December 2016, and further information is available in the Question and Answer document available on the school's website. Opportunities have been scheduled for parents and staff at each school to ask questions and provide feedback. Governors at both schools will consider all responses before deciding whether to proceed. An online questionnaire is also available on the school's website for all stakeholders to have their say.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

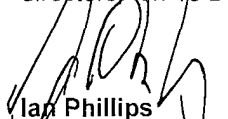
The Academy Trust and its trustees did not act as custodian trustee during the current or previous period.

AUDITOR

In so far as the trustees are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' report incorporating a strategic report, was approved by order of the board of trustees as the company directors on 16 December 2016 and signed on the board's behalf by:


Ian Phillips
Chair of Trustees

SUDBURY PRIMARY SCHOOL
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, 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 Sudbury Primary School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 8 times during the year ended 31 August 2016. Attendance during the year ended 31 August 2016 at meetings of the Board of Trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|-----------------------------------|-------------------|-------------------|
| Greville Thomas | 5 | 8 |
| Ian Phillips, Chair of Trustees | 5 | 5 |
| Mahendra Patel | 0 | 3 |
| Sajjad Afzal | 1 | 5 |
| Gill Bal | 3 | 4 |
| Nilanjana Bhattacharjee | 3 | 4 |
| Kamini Mistry, Acting Headteacher | 8 | 8 |
| Robert Wharton | 4 | 4 |
| Carl Nicholls | 0 | 2 |
| Julian Samuels, Vice Chair | 6 | 8 |
| Mathan Anandasivathas | 3 | 4 |
| Uma Pandya, Head Teacher | 1 | 1 |
| Fenton Higgins | 3 | 4 |
| Silvana Mazzaschi | 1 | 1 |
| Shihan Nagoor | 6 | 8 |
| Shailesh Parekh | 2 | 3 |
| Janet Pettitt | 7 | 8 |
| Rishi Rhamdhony | 8 | 8 |
| Rinkal Shah | 1 | 1 |
| Niva Thiruchelvam | 3 | 4 |

Governors typically also serve on a number of other sub-committees, but during the period concerned the function of these committees was performed by the full governing body.

The Governors intend to perform another self-evaluation review of governance in the coming year:

The audit committee is also a sub-committee of the main board of trustees. Its purpose is to:

- o monitor the integrity of the financial statements;
- o review internal financial controls and review the Academy's internal control and risk management systems;
- o make recommendations to the Governing Body in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the auditor; and;
- o review the auditor's independence and objectivity.

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GOVERNANCE STATEMENT (continued)

During the period the above duties were provided by the full governing body.

During the period a review of governance was carried out by an external service provider. The recommendations of that review were used to formulate an action plan which governors are working rigorously to implement: Recommendations included:

- Urgently recruit new governors to the governing body on the basis of their skills, ongoing.
- Ensure all governors give full commitment to the work of the governing body, ongoing.
- Review and clarify roles and responsibilities for all specifically for the chair, company secretary and the chief finance officer, ongoing.
- Instigate an agreed systematic programme of training for governors, ongoing
- Evaluate the effectiveness of the current/new 'no-committee' structure and agree new structure, ongoing.
- Governors to consider how they can better fulfil their strategic role, ongoing.

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Headteacher 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 Academy's accounting officer ensures that the Academy trust delivers good value in the use of public resources and is aware of the guide to Academy value for money statements published by the Education Funding Agency and understand that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

Set out below is how the Academy ensured that the Academy trust's use of its resources has provided good value for money during the Academic year.

Purchasing

The Headteacher (HT), Business Manager (BM) and Senior Leadership Team (SLT) have developed procedures for assessing need, and obtaining goods and services which provide "best value" in terms of suitability, efficiency, time and cost. Measures already in place include:

1. BELOW £10k: Low value purchase: Best Value Currently school obtains quotes for any items over £5k
2. £10k - £172,514k: Medium Value, 3 Written Quotes
3. £172,514k+: Over the EU Threshold value for Supplies and Services therefore EU process must be followed
4. £172,514+ - £500k: Below the EU Threshold value for works. High value purchase: Advert, Tender, Trustees Approval
5. £500k - £4,322,012 (below the EU works Threshold value). High value purchase: Advert, Tender, Trustees Approval or follow EU procurement
6. £4,322,012+ Over the EU Threshold value for Works. Therefore EU process must be followed.

When accepting "best value" quotes the school considers suitability for purpose, quality, uniqueness of the provider and timescale.

The school purchases goods and services direct from reliable suppliers and routinely considers economies of scale and negotiating contract discount.

The school applies the four principles of best value:

SUDBURY PRIMARY SCHOOL
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GOVERNANCE STATEMENT (continued)

Challenge – Why and how is a service provided? Was the required outcome/impact achieved? Is the service still needed? Can it be delivered differently? What do key stakeholders want?

Compare – The school compares and analyses pupil and financial performance using CFR benchmarking data (as an Academy the school will now use the performance data published for Academies by the DfE) at national and local level with similar sized schools.

Consult – The school seeks the views of key stakeholders about the services the school provides on an annual basis (Kirkland Rowell Survey).

Compete – The school secures efficient and effective services using the procurement procedures described above and reviewing the impact/outcomes of the services.

The Academy Trust, Governors' and Headteacher's Approach

The Headteacher, SLT and Governors will apply the principles of best value by ensuring:

- Resources are allocated to best promote the mission statement and values of the school
- Resources are obtained to best improve standards, the quality of provision especially teaching and learning
- The use of resources that best support the educational needs of all pupils.

The school is a 4 form primary school with 930 pupils on roll. At the last Ofsted inspection the school was judged to be a "Requires Improvement" school. The progress scores were in line with national figures and significantly above in maths. Which confirms that the school provides value for money. As accounting officer the Headteacher has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

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

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

SUDBURY PRIMARY SCHOOL
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GOVERNANCE STATEMENT (continued)

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint UHY Hacker Young LLP, Chartered Accountants as the Academy's internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

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

On a termly basis, the auditor reports to the Board of trustees, through the Finance committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. During the period this duty was carried out by the full governing body.

The Board can confirm that the internal auditor has delivered their schedule of work as planned, provided details of any material control issues arising as a result of the their work. During the current and previous period, there were no material control issues noted and thus no remedial action was required to be taken.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year ended 31 August 2016 in question the review has been informed by:

- the work of the external auditors and internal auditor;
- 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 audit committee/finance 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 Board of Trustees on 16 December 2016 and signed on their behalf,
by:


Ian Phillips
Chair of Trustees


Beth Ragheb
Acting Accounting Officer

SUDBURY PRIMARY SCHOOL
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Sudbury Primary School I have considered my responsibility to notify the Academy Trust's board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.



Beth Ragheb
Acting Accounting Officer

Date: 16 December 2016

SUDBURY PRIMARY SCHOOL
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED ENDED 31 AUGUST 2016

The Trustees (who act as governors of Sudbury Primary School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the 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:

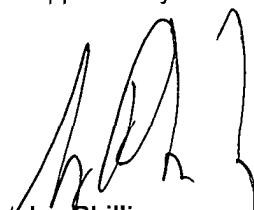
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the Board of Trustees on 16 December 2016 and signed on its behalf by:



Ian Phillips
Chair of Trustees

SUDBURY PRIMARY SCHOOL
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SUDBURY PRIMARY SCHOOL**

We have audited the financial statements of Sudbury Primary School for the year ended ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

SUDBURY PRIMARY SCHOOL
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SUDBURY PRIMARY SCHOOL**

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Governors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Michael Durst (Senior statutory auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR
16 December 2016

SUDBURY PRIMARY SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO SUDBURY
PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 08 January 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Sudbury Primary School during the year ended 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Sudbury Primary School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Sudbury Primary School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Sudbury Primary School and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF SUDBURY PRIMARY SCHOOL'S ACCOUNTING OFFICER AND THE
REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of Sudbury Primary School's funding agreement with the Secretary of State for Education dated 31 August 2012, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO SUDBURY
PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)

CONCLUSION

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

Reporting Accountant

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

16 December 2016

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


| | Note | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|--|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | | |
| Donations and capital grants | 2 | 1,072 | - | 14,058 | 15,130 | 14,584 |
| Charitable activities | 3 | - | 4,630,301 | - | 4,630,301 | 4,681,423 |
| Other trading activities | 4 | 125,216 | 228,981 | - | 354,197 | 389,811 |
| Investments | 5 | 8,581 | - | - | 8,581 | 4,985 |
| TOTAL INCOME | | 134,869 | 4,859,282 | 14,058 | 5,008,209 | 5,090,803 |
| EXPENDITURE ON: | | | | | | |
| Raising funds | | 124,292 | 110,156 | - | 234,448 | 175,455 |
| Charitable activities | | - | 3,969,402 | 614,158 | 4,583,560 | 4,374,462 |
| TOTAL EXPENDITURE | 8 | 124,292 | 4,079,558 | 614,158 | 4,818,008 | 4,549,917 |
| NET INCOME / (EXPENDITURE) BEFORE TRANSFERS | | | | | | |
| Transfers between Funds | 18 | 10,577 (980,595) | 779,724 (1,362,644) | (600,100) 2,343,239 | 190,201 - | 540,886 - |
| NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | | | | | |
| | | (970,018) | (582,920) | 1,743,139 | 190,201 | 540,886 |
| Actuarial gains/(losses) on defined benefit pension schemes | 22 | - | (400,000) | - | (400,000) | 38,000 |
| NET MOVEMENT IN FUNDS | | (970,018) | (982,920) | 1,743,139 | (209,799) | 578,886 |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 1,283,072 | (103,593) | 9,380,760 | 10,560,239 | 9,981,353 |
| TOTAL FUNDS CARRIED FORWARD | | 313,054 | (1,086,513) | 11,123,899 | 10,350,440 | 10,560,239 |

SUDBURY PRIMARY SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 8147330

BALANCE SHEET
AS AT 31 AUGUST 2016

| | Note | £ | 2016 £ | £ | 2015 £ |
|--|------|--------------------|--------------------------|-------------------|--------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 14 | | 11,123,899 | | 9,380,760 |
| CURRENT ASSETS | | | | | |
| Stocks | 15 | 7,309 | | 9,087 | |
| Debtors | 16 | 189,998 | | 232,757 | |
| Cash at bank and in hand | | 676,293 | | 1,921,374 | |
| | | <u>873,600</u> | | <u>2,163,218</u> | |
| CREDITORS: amounts falling due within one year | 17 | <u>(468,059)</u> | | <u>(206,739)</u> | |
| NET CURRENT ASSETS | | | <u>405,541</u> | | <u>1,956,479</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>11,529,440</u> | | <u>11,337,239</u> |
| Defined benefit pension scheme liability | 22 | | <u>(1,179,000)</u> | | <u>(777,000)</u> |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | <u><u>10,350,440</u></u> | | <u><u>10,560,239</u></u> |
| FUNDS OF THE ACADEMY | | | | | |
| Restricted income funds: | | | | | |
| Restricted income funds | 18 | 92,487 | | 673,407 | |
| Restricted fixed asset funds | 18 | <u>11,123,899</u> | | <u>9,380,760</u> | |
| Restricted income funds excluding pension liability | | <u>11,216,386</u> | | <u>10,054,167</u> | |
| Pension reserve | | <u>(1,179,000)</u> | | <u>(777,000)</u> | |
| Total restricted income funds | | | <u>10,037,386</u> | | <u>9,277,167</u> |
| Unrestricted income funds | 18 | | <u>313,054</u> | | <u>1,283,072</u> |
| TOTAL FUNDS | | | <u><u>10,350,440</u></u> | | <u><u>10,560,239</u></u> |

The financial statements were approved by the Trustees, and authorised for issue, on 16 December 2016 and are signed on their behalf, by:


Ian Phillips
Chair of Trustees

The notes on pages 25 to 43 form part of these financial statements.

SUDBURY PRIMARY SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED ENDED 31 AUGUST 2016

| | Note | 2016 £ | 2015 £ |
|--|------|-----------------------|-------------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 20 | <u>1,098,158</u> | <u>1,035,060</u> |
| Cash flows from investing activities: | | | |
| Purchase of tangible fixed assets | | (2,357,297) | (175,801) |
| Capital grants from DfE/EFA | | <u>14,058</u> | <u>14,058</u> |
| Net cash used in investing activities | | <u>(2,343,239)</u> | <u>(161,743)</u> |
| Change in cash and cash equivalents in the year ended | | (1,245,081) | 873,317 |
| Cash and cash equivalents brought forward | | <u>1,921,374</u> | <u>1,048,057</u> |
| Cash and cash equivalents carried forward | | <u><u>676,293</u></u> | <u><u>1,921,374</u></u> |

SUDBURY PRIMARY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

Sudbury Primary School constitutes a public benefit entity as defined by FRS 102.

1.2 Fund accounting

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

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

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

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 there is certainty of receipt and it is measurable.

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

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

SUDBURY PRIMARY SCHOOL
(A company limited by guarantee)

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

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.

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

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £2,000 are capitalised.

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

SUDBURY PRIMARY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

| | |
|-----------------------|------------|
| Freehold property | - 50 years |
| Plant and machinery | - 20 years |
| Fixtures and fittings | - 5 years |
| Computer equipment | - 3 years |

1.7 Interest receivable

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

1.8 Operating leases

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

1.9 Stocks

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

1.10 Debtors

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

1.11 Cash at Bank and in hand

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

1.12 Liabilities and provisions

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

SUDBURY PRIMARY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.13 Financial instruments

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.14 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.

1.15 Pensions

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, 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

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

1. ACCOUNTING POLICIES (continued)

1.16 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 August 2016 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 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|------------------------------------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Donations | 1,072 | - | - | 1,072 | 526 |
| Capital Grants | - | - | 14,058 | 14,058 | 14,058 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total donations and capital grants | 1,072 | - | 14,058 | 15,130 | 14,584 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

In 2015, of the total income from donations and capital grants, £ 526 was to unrestricted funds and £14,058 was to restricted funds

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

Sudbury Primary School

| | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|--------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/EFA grants | | | |
| Budget share | 3,705,047 | 3,705,047 | 3,593,656 |
| Pupil premium | 250,035 | 250,035 | 326,868 |
| Other GAG income | 346,300 | 346,300 | 407,712 |
| | <u>4,301,382</u> | <u>4,301,382</u> | <u>4,328,236</u> |
| Other government grants | | | |
| Other government income | 221,260 | 221,260 | 214,678 |
| SEN statemented funding | 98,547 | 98,547 | 138,509 |
| | <u>319,807</u> | <u>319,807</u> | <u>353,187</u> |
| Other funding | | | |
| Other Income | 9,112 | 9,112 | - |
| | <u>9,112</u> | <u>9,112</u> | <u>-</u> |
| | <u><u>4,630,301</u></u> | <u><u>4,630,301</u></u> | <u><u>4,681,423</u></u> |

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £4,681,423 was to restricted funds.

4. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|---|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Other income | 19,863 | 20,220 | 40,083 | 140,741 |
| Lettings income | - | 147,256 | 147,256 | 73,596 |
| Trips, Clubs and Extended services income | 105,353 | - | 105,353 | 113,246 |
| Catering Income | - | 61,505 | 61,505 | 62,228 |
| | <u>125,216</u> | <u>228,981</u> | <u>354,197</u> | <u>389,811</u> |

In 2015, of the total income from other trading activities, £244,339 was to unrestricted funds and £145,472 was to restricted funds.

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

5. INVESTMENT INCOME

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|-------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Investment income | 8,581 | - | 8,581 | 4,985 |

In 2015, of the total investment income, £4,985 was to unrestricted funds and £ NIL was to restricted funds.

6. DIRECT COSTS

| | Educational operations £ | Total 2016 £ | Total 2015 £ |
|-----------------------|--------------------------------|--------------------|--------------------|
| Educational resources | 74,972 | 74,972 | 83,834 |
| Other direct costs | 54,325 | 54,325 | 29,725 |
| Wages and salaries | 2,008,096 | 2,008,096 | 2,008,362 |
| National insurance | 319,675 | 319,675 | 279,812 |
| Pension cost | 610,621 | 610,621 | 480,940 |
| | <u>3,067,689</u> | <u>3,067,689</u> | <u>2,882,673</u> |

In 2015, the academy incurred the following Direct costs:
£2,882,673 in respect of Educational operations

7. SUPPORT COSTS

| | Governance £ | Educational operations £ | Total 2016 £ | Total 2015 £ |
|----------------------------------|-----------------|--------------------------------|--------------------|--------------------|
| Pension finance costs- LGPS | - | 29,000 | 29,000 | 57,000 |
| Grounds and building maintenance | - | 67,121 | 67,121 | 105,329 |
| Cleaning | - | 23,478 | 23,478 | 31,797 |
| Security | - | 4,195 | 4,195 | 5,526 |
| Energy costs | - | 61,299 | 61,299 | 66,605 |
| Water and rates | - | 12,876 | 12,876 | 18,744 |
| Other support costs | - | 57,396 | 57,396 | 75,162 |
| Legal and professional fees | 43,224 | 5,018 | 48,242 | 37,615 |
| ICT costs | - | 60,890 | 60,890 | 77,535 |
| Training and development | - | 41,999 | 41,999 | 27,109 |
| Insurance | - | 346 | 346 | 69,064 |
| Wages and salaries | - | 368,494 | 368,494 | 366,341 |
| National insurance | - | 44,112 | 44,112 | 39,517 |
| Pension cost | - | 82,265 | 82,265 | 92,843 |
| Depreciation | - | 614,158 | 614,158 | 421,602 |
| | <u>43,224</u> | <u>1,472,647</u> | <u>1,515,871</u> | <u>1,491,789</u> |

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

7. SUPPORT COSTS (continued)

During the year ended ended 31 August 2016, the academy incurred the following Governance costs:
£43,224 (2015 - £32,224) included within the table above in respect of Educational operations.

In 2015, the academy incurred the following Support costs:
£1,459,565 in respect of Educational operations

8. EXPENDITURE

| | Staff costs 2016 £ | Premises 2016 £ | Other costs 2016 £ | Total 2016 £ | Total 2015 £ |
|-------------------------|--------------------------|-----------------------|--------------------------|--------------------|--------------------|
| Raising funds | - | - | 234,448 | 234,448 | 175,455 |
| Educational operations: | | | | | |
| Direct costs | 2,938,392 | - | 129,297 | 3,067,689 | 2,882,673 |
| Support costs | 494,871 | 392,956 | 584,820 | 1,472,647 | 1,421,565 |
| | <u>3,433,263</u> | <u>392,956</u> | <u>948,565</u> | <u>4,774,784</u> | <u>4,479,693</u> |

In 2016, of the total expenditure, £146,061 (2015 - £84,503) was to unrestricted funds and £4,734,275 (2015 - £4,395,190) was to restricted funds.

9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

| | 2016 £ | 2015 £ |
|--|----------------|----------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the charity | 614,158 | 421,602 |
| Auditors remuneration | 4,000 | 4,000 |
| Operating lease rentals- plant and machinery | 5,091 | 25,631 |
| | <u>619,249</u> | <u>451,233</u> |

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10. STAFF COSTS

Staff costs were as follows:

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Wages and salaries | 2,376,590 | 2,374,703 |
| Social security costs | 363,787 | 319,329 |
| Operating costs of defined benefit pension schemes | 692,886 | 573,783 |
| | <u>3,433,263</u> | <u>3,267,815</u> |

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

| | 2016 No. | 2015 No. |
|------------|-------------|-------------|
| Management | 5 | 6 |
| Teachers | 42 | 41 |
| Support | 37 | 33 |
| | <u>84</u> | <u>80</u> |

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

| | 2016 No. | 2015 No. |
|---------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | 1 | 1 |
| In the band £70,001 - £80,000 | 1 | 0 |
| In the band £100,001 - £200,000 | 1 | 1 |

The above employees participated in the Teachers' Pension Scheme.

The key management personnel of the academy 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 was £471,008 (2015: £363,373).

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**NOTES TO THE FINANCIAL STATEMENTS
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11. RELATED PARTY TRANSACTIONS - GOVERNORS' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows. U Pandya received remuneration within the £100,000 to £105,000 banding (2015: £100,000 to £105,000 banding) and pension contributions paid were within the £15,000 to £20,000 banding (2015: £20,000 to £25,000 banding). Z Taslim-Dean received remuneration within the £50,000 to £55,000 banding (2015: £50,000 to £55,000 banding) and pension contributions paid were within the £5,000 to £10,000 banding (2015: £5,000 to £10,000 banding). A Vickery received remuneration totalling £nil (2015: £nil to £5,000 banding) and pension contributions paid totalling £nil (2015: £nil to £5,000 banding). J Ponsford received remuneration totalling £nil (2015: £30,000 to £35,000 banding) and pension contributions paid totalling £nil (2015: £5,000 to £10,000 banding). K Mistry received remuneration within the £70,000 to £75,000 banding (2015: £nil) and pension contributions paid were within the £10,000 to £15,000 banding (2015: £nil). M Anandasivathas received remuneration within the £40,000 to £45,000 banding (2015: £nil) and pension contributions paid were within the £5,000 to £10,000 banding (2015: £nil). J Pettitt received remuneration within the £40,000 to £45,000 banding (2015: £nil) and pension contributions paid were within the £5,000 to £10,000 banding (2015: £nil). S Mazzaschi received remuneration within the £30,000 to £35,000 banding (2015: £nil) and pension contributions paid were within the £5,000 to £10,000 banding (2015: £nil).

During the year ended, no Trustees received any reimbursement of expenses (2015 - £NIL).

Other related party transactions are set out in note 26.

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended ended 31 August 2016 was £1,225 (2015 - £1,409).

13. PENSION FINANCE COSTS

| | 2016 £ | 2015 £ |
|--|-----------------|-----------------|
| Interest income on pension scheme assets | 22,000 | - |
| Interest on pension scheme liabilities | (51,000) | (57,000) |
| | <u>(29,000)</u> | <u>(57,000)</u> |

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

14. TANGIBLE FIXED ASSETS

| | Freehold property £ | Plant and machinery £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|---------------------------|---------------------------|-----------------------------|-------------------------------|----------------------------|------------|
| Cost | | | | | |
| At 1 September 2015 | 8,402,000 | 157,700 | 1,512,690 | 438,858 | 10,511,248 |
| Additions | 2,057,817 | 70,666 | 191,303 | 37,511 | 2,357,297 |
| At 31 August 2016 | 10,459,817 | 228,366 | 1,703,993 | 476,369 | 12,868,545 |
| Depreciation | | | | | |
| At 1 September 2015 | 229,200 | 24,900 | 557,893 | 318,495 | 1,130,488 |
| Charge for the year ended | 93,136 | 13,852 | 349,296 | 157,874 | 614,158 |
| At 31 August 2016 | 322,336 | 38,752 | 907,189 | 476,369 | 1,744,646 |
| Net book value | | | | | |
| At 31 August 2016 | 10,137,481 | 189,614 | 796,804 | - | 11,123,899 |
| At 31 August 2015 | 8,172,800 | 132,800 | 954,797 | 120,363 | 9,380,760 |

Included in land and buildings is freehold land at valuation of £4,582,000 which is not depreciated.

15. STOCKS

| | 2016 £ | 2015 £ |
|----------|-----------|-----------|
| Uniforms | 7,309 | 9,087 |

16. DEBTORS

| | 2016 £ | 2015 £ |
|--------------------------------|-----------|-----------|
| Trade debtors | 39,831 | 57,126 |
| Other debtors | 38,194 | 66,568 |
| Prepayments and accrued income | 111,973 | 109,063 |
| | 189,998 | 232,757 |

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

17. CREDITORS: Amounts falling due within one year

| | 2016 £ | 2015 £ |
|--------------------------------------|----------------|----------------|
| Other taxation and social security | 60,813 | 52,735 |
| Other creditors | - | 15,771 |
| Accruals and deferred income | 407,246 | 138,233 |
| | <u>468,059</u> | <u>206,739</u> |
| | 2016 £ | 2015 £ |
| Deferred income | | |
| Deferred income at 1 September 2015 | 75,456 | 124,689 |
| Resources deferred during the year | 80,505 | 75,456 |
| Amounts released from previous years | (75,456) | (124,689) |
| Deferred income at 31 August 2016 | <u>80,505</u> | <u>75,456</u> |

At the balance sheet date the academy trust was holding funds received in advance for the EFA Grants.

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

18. STATEMENT OF FUNDS

| | Brought Forward £ | Income £ | Expenditure £ | Transfers in/out £ | Pension cost re: changes in actuarial assumption s £ | Carried Forward £ |
|--|-------------------------|-------------|------------------|--------------------------|--|-------------------------|
| Unrestricted funds | | | | | | |
| General Funds - all funds | 1,283,072 | 134,869 | (124,292) | (980,595) | - | 313,054 |
| Restricted funds | | | | | | |
| Restricted Funds - all funds | 673,407 | 4,859,282 | (4,077,558) | (1,362,644) | - | 92,487 |
| Pension reserve | (777,000) | - | (2,000) | - | (400,000) | (1,179,000) |
| | (103,593) | 4,859,282 | (4,079,558) | (1,362,644) | (400,000) | (1,086,513) |
| Restricted fixed asset funds | | | | | | |
| Restricted Fixed Asset Funds - all funds | 9,380,760 | 14,058 | (614,158) | 2,343,239 | - | 11,123,899 |
| Total restricted funds | 9,277,167 | 4,873,340 | (4,693,716) | 980,595 | (400,000) | 10,037,386 |
| Total of funds | 10,560,239 | 5,008,209 | (4,818,008) | - | (400,000) | 10,350,440 |

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

Restricted Fixed Assets funds have been increased by capital grants provided by the DfE and reduced by depreciation charges.

Restricted General funds have been increased by revenue grants provided by the DfE and reduced by expenditure incurred in the operation of the academy.

The Restricted funds can only be used in the terms of limitations imposed by the Funding Agreement with the DfE and the terms of any specific grant.

Unrestricted funds have been increased by voluntary contributions by parents and reduced by expenditure incurred in the operation of the academy.

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

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Tangible fixed assets | - | - | 11,123,899 | 11,123,899 | 9,380,760 |
| Current assets | 313,054 | 560,546 | - | 873,600 | 2,163,218 |
| Creditors due within one year | - | (468,059) | - | (468,059) | (206,739) |
| Provisions for liabilities and charges | - | (1,179,000) | - | (1,179,000) | (777,000) |
| | <u>313,054</u> | <u>(1,086,513)</u> | <u>11,123,899</u> | <u>10,350,440</u> | <u>10,560,239</u> |

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

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Net income for the year (as per Statement of financial activities) | 190,201 | 540,886 |
| Adjustment for: | | |
| Depreciation charges | 614,158 | 421,602 |
| Decrease in stocks | 1,778 | 436 |
| Decrease in debtors | 42,759 | 136,589 |
| Increase/(decrease) in creditors | 261,320 | (96,395) |
| Capital grants from DfE and other capital income | (14,058) | (14,058) |
| FRS102 pension adjustments | 2,000 | 46,000 |
| Net cash provided by operating activities | <u>1,098,158</u> | <u>1,035,060</u> |

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2016 £ | 2015 £ |
|--------------|----------------|------------------|
| Cash in hand | 676,293 | 1,921,374 |
| Total | <u>676,293</u> | <u>1,921,374</u> |

22. 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 London Borough of Brent. 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 August 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year

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**NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (continued)

ended.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £436,221 (2015 - £345,104).

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

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

Local Government Pension Scheme

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**NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (continued)

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £240,000 (2015 - £176,000), of which employer's contributions totalled £199,000 (2015 - £130,000) and employees' contributions totalled £41,000 (2015 - £46,000). The agreed contribution rates for future years are 27.4% for employers and 5.5% to 7.5% 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.
London Borough of Brent Pension Fund

Principal actuarial assumptions:

| | 2016 | 2015 |
|--|--------|--------|
| Discount rate for scheme liabilities | 2.10 % | 3.80 % |
| Expected return on scheme assets at 31 August | 2.10 % | 5.00 % |
| Rate of increase in salaries | 3.90 % | 4.40 % |
| Rate of increase for pensions in payment / inflation | 2.10 % | 2.70 % |

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

| | 2016 | 2015 |
|----------------------|------|------|
| Retiring today | | |
| Males | 22.0 | 22.0 |
| Females | 24.3 | 24.3 |
| Retiring in 20 years | | |
| Males | 24.4 | 24.4 |
| Females | 26.8 | 26.8 |

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

| | Fair value at 31 August 2016 £ | Fair value at 31 August 2015 £ |
|------------------------------|---|---|
| Equities | 492,000 | 290,000 |
| Debt instruments | 202,000 | 136,000 |
| Property | 73,000 | 28,000 |
| Cash | 40,000 | 14,000 |
| Total market value of assets | <u>807,000</u> | <u>468,000</u> |

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

22. PENSION COMMITMENTS (continued)

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

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Current service cost (net of employee contributions) | (172,000) | (135,000) |
| Net interest cost | (29,000) | (57,000) |
| Total | <u>(201,000)</u> | <u>(192,000)</u> |

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

| | 2016 £ | 2015 £ |
|------------------------------------|------------------|------------------|
| Opening defined benefit obligation | 1,245,000 | 1,068,000 |
| Current service cost | 172,000 | 135,000 |
| Interest cost | 51,000 | 24,000 |
| Contributions by employees | 41,000 | 30,000 |
| Actuarial losses/(gains) | 490,000 | (38,000) |
| Estimated Benefits paid | (13,000) | 26,000 |
| Closing defined benefit obligation | <u>1,986,000</u> | <u>1,245,000</u> |

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

| | 2016 £ | 2015 £ |
|-------------------------------------|----------------|----------------|
| Opening fair value of scheme assets | 468,000 | 299,000 |
| Interest income | 22,000 | (15,000) |
| Actuarial gains and (losses) | 90,000 | - |
| Contributions by employer | 199,000 | 146,000 |
| Contributions by employees | 41,000 | 30,000 |
| Estimated Benefits paid | (13,000) | 8,000 |
| Closing fair value of scheme assets | <u>807,000</u> | <u>468,000</u> |

23. MATERIAL PENSION COST

The latest valuation of the Local Government Pension Scheme (LGPS) occurred on 31 August 2016. Since the date of the previous valuation, a number of changes, both legislative and economic, have occurred which has impacted upon the actuarial assumptions made. Consequently, a significant cost has been incurred in the current financial period which is reflective of these changes made.

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24. OPERATING LEASE COMMITMENTS

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

| | 2016 £ | 2015 £ |
|-------------------------|---------------|--------------|
| Amounts payable: | | |
| Within 1 year | 5,091 | - |
| Between 1 and 5 years | 5,091 | 7,800 |
| Total | <u>10,182</u> | <u>7,800</u> |

25. MEMBERS' LIABILITY

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

26. RELATED PARTY TRANSACTIONS

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

Ian Phillips t/a Fishbone, charged the academy £7,000 (2015: £nil) for consultancy work undertaken. The transaction was conducted on an arms length basis.

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27. FIRST TIME ADOPTION OF FRS 102

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

The policies applied under the academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure. The table below shows the effect of the transition of FRS 102 on the SOFA for the prior year:-

| Year ended 31 August 2015 | | | | |
|---|-------|----------------------|----------------------|-----------------------|
| | Notes | As previously stated | Effect of transition | FRS 102 (as restated) |
| Total Income | | £5,090,803 | £NIL | £5,090,803 |
| Total Expenditure | 1 | £4,514,917 | £35,000 | £4,549,917 |
| Actuarial gains and (losses) on defined benefit schemes | 1 | £3,000 | £35,000 | £38,000 |

NOTES TO RECONCILIATION

1. Local Government Pension Scheme

In the prior year, there were actuarial gains recognised on the scheme of £3,000. Under FRS 102, the actuarial gains has been reclassified as follows:

-
An increase in pension interest costs of £35,000 as shown under support costs.