

Yardleys School
(A Company Limited by Guarantee)

Yardleys School
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2016

Company Number : 08496504

Feltons
Chartered Accountants

Birmingham
B1 3JR



Yardleys School
(A Company Limited by Guarantee)

Report and Financial Statements
Year ended 31 August 2016

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Yardleys School
(A Company Limited by Guarantee)

Reference and Administrative Details

Members/Trustees	Mr Muhammad Amin Mr David Crook Mr Brynley Evans Mr John Gardner* Mr Benn Gray* Mr Henroy Green Mr Adill Hadi Mrs Jean Helme* Mr Amer Khan Mr Peter Lee* Mr Gary Neal Mr Tanveer Rafiq Mr Satinderpal Sohal Mrs Jaysharee Vadgama* Mr John Wilson	Parent (appointed 3.12.15) Co-opted (term of office ended 15.10.16) Head Teacher (appointed 1.9.15) Member (appointed 27.9.16) Staff (elected 12.1.16) Member (appointed 23.9.14) Member (appointed 29.9.16) Member (appointed 27.9.16) Parent (appointed 27.9.16) Member (appointed 26.11.13) Co-opted (23.9.14) Parent (appointed 27.9.16) Staff (elected 8.10.15) Member (resigned 20.10.15) Staff (resigned 27.09.16)
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*members of finance committee

Company secretary		Mrs Jill Wilson
Senior management team	Head Teacher Deputy Headteacher Deputy Headteacher Deputy Headteacher Assistant Headteacher Assistant Headteacher Assistant Headteacher Business Manager	Mr Brynley Evans Mr Gurpreet Basra Mr Andrew Bate Mr David Pohl Mr Edward Halliday Mrs Lyndsey Maginnis Mrs Laura Yates Mrs Jill Wilson

Company name	Yardleys School
Principal and registered office	Reddings Lane Tyseley Birmingham B11 3EY
Company registration number	08496504
Independent auditor	Feltons 8 Sovereign Court 8 Graham Street Birmingham B1 3JR
Bankers	Lloyds Bank plc 25 Greasham Street London EC2V 7HN
Solicitors	Stone King 16 St. John's Lane London EC1M 4BS

Yardleys School (A Company Limited by Guarantee)

Trustees' report

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report and a directors' report (incorporating a strategic report) under company law.

The trust operates an academy for pupils aged 11 to 16 serving a catchment area in Birmingham. It has a pupil capacity of 900 and had a roll of 911 in the school census on October 2015.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees of Yardleys School are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Yardleys School.

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

Members' liability

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

Trustees' indemnities

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 £5,000,000 on any one claim.

Method of recruitment and appointment or election of Trustees

Under the academy's Articles of Association, the number of Governors shall not be less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

The academy trust has the following governors:

- a) Up to 8 governors appointed by the members
- b) A minimum of two and up to seven parent governors (elected by parents of registered pupils of Yardleys School)
- c) The Head Teacher
- d) Up to three staff governors, including up to one support staff (elected by employees of the academy trust)
- e) The academy trust may also have up to three co-opted governors, appointed by governors who are not themselves co-opted

Trustees' report (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

The Governing Body has a Service Level Agreement with School and Governor Support at Birmingham City Council to provide training, advice and support to the Governing Body. Training is also provided by Stone King solicitors and during the course of the year a number of internal training sessions have been held by school staff e.g. understanding financial reports, safeguarding and preparation for Ofsted.

As there are normally fewer than three new governors per year, induction is undertaken informally and is tailored specifically to the individual. A governor handbook is issued to new governors, which includes a wide range of information on the school, its aims and values.

There has also been a leadership and governance review carried out by an external consultancy. The governing body is acting on several recommendations made including improving their accountability and quality assurance systems.

The Head Teacher is the Leader for Professional Development in school, and he ensures that trustees are provided with opportunities to receive training in accordance with their role, and the school's training plan.

Organisational structure

The Governing Body has established committees and appoints trustees to serve on each of the committees annually.

The committees for the period of the report were:

- Finance , Premises and Staffing
- Accountability and Standards
- Student and Curriculum
- Pay Committee

In addition governors volunteer to serve on ad-hoc committees which are convened as required e.g. to hear staff or pupil disciplinary cases and appeals.

The written terms of reference of the committees include the monitoring of, the preparation and management of the Academy's budget and implementation of the Academy's financial management policies, including risk assessment.

The Governing Body also appoints a Responsible Officer and this role has been fully implemented in accordance with the Academy Trust's Financial Procedures.

The governors are responsible for the strategic development of the academy, including adopting a School Improvement Plan, approving the annual budget, setting general policy, monitoring the academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

The leadership team consists of the Head Teacher, three Deputy Head Teachers, three Assistant Head Teachers and the Business Manager. These managers control the academy at an executive level, implementing the policies laid down by governors and reporting back to them. As a group, the leadership team is responsible for the authorisation of spending within agreed budgets and the appointment of staff, although senior staff appointments will always include a governor on the interview panel.

Trustees' report (continued)

Arrangements for setting pay and remuneration of key management personnel

Trustees are unpaid, although travelling expenses are payable on request.

Senior leadership team pay progression is determined through the performance management process with reviews being conducted by the Head Teacher.

Related parties and other Connected Charities and Organisations

Yardleys School has working links with a range of other organisations including local primary and secondary schools, local FE colleges and employers, local Teaching School Alliances, Birmingham and other local authorities, Police Panel, Sharing Panel, the local Collegiate and the National College for Teaching and Leadership. These links are maintained in the interests of supporting good practice and information sharing in order to support the academy's object of the advancement for the public benefit education in the United Kingdom.

Objectives and activities

Objects and aims

The strategic goal of Yardleys School is to provide an excellent level of education through a broad and balanced curriculum to all pupils in accordance with the Funding Agreement between the Academy Trust and the Department for Education.

Objectives, strategies and activities

At Yardleys School we aim:

- to excite, inspire and challenge so pupils enjoy learning
- to be a strong community that has a shared purpose, values and collaborative ethos
- to strive for excellence and expects the highest standards from everyone
- to educate the whole child so they are ready for life
- to work in partnership with the wider community

The strategies adopted for achieving these objectives are:

- Introduction of a new teaching and learning policy
- Introduction of a new assessment system
- Improving teaching and management through training
- Improving accountability and quality assurance systems at all levels of leadership and management, including governance

Public benefit

In setting our objectives and planning our activities, the Governing Body has given careful consideration to the Charity Commission's general guidance on public benefit.

Yardleys School is an equal opportunity employer, and strives to give full and fair consideration to all applicants for employment, training and promotions, irrespective of disability, gender, race, colour or sexual orientation.

Trustees' report (continued)

Strategic Report

Achievements and Performance

The Academy is in its third year of operation and continues to be significantly oversubscribed. In 2016, 911 parents expressed a preference for one of the 180 places in year 7.

The school is highly focused on raising standards of pupil achievement and is successful at doing so. The average attainment of students arriving in Year 7 is well below the national average. Despite this, 52% of students obtained GCSE A* -C grades in English and Maths. This is above the national floor standard but below the national average. Expected progress in English and Maths was close to national averages. Overall progress in all subjects as measured by value added was above average at 1017. However, the new progress 8 was a negative measure at -0.02 due to a decrease in some subjects and fluctuations in national average achievement levels.

This is well above the governments 'coasting schools' measure of -0.25 or lower.

Summer 2016 Results

	2011	2012	2013	2014	2015	2016	National	3-year average 2013-16
% English & maths (basics)	43%	61%	63%	57%	46%	51	55%	51
% Maths A*-C	59%	72%	76%	69%	58%	63	63%	63
% English A*-C	53%	69%	73%	67%	59%	62	65%	63
Attainment 8				4.94 C	4.83 C-	4.69 C-	4.80	
Progress 8				+0.18	+0.36	-0.02		
Value Added				1033	1022	1018	1000	
Ebacc passed				5%	4%	4%	26%	
Ebacc Entry				9%	6%	6%		

*Estimate based on last year's data. This is likely to change when the DfE calculates it.

The key part of raising standards of achievement is to improve the quality of teaching. The school has launched a new teaching and learning policy including:-

- Ensuring a prompt start to lessons
- Increased reading
- Focus on factual knowledge
- Regular training
- Assessment and feedback
- Improving accountability at all levels

Key Performance Indicators

- Direct costs as a percentage of total costs were 66.6% (2015 : 66.3%)
- Support costs as a percentage of total costs were 33.4% (2015 : 33.6%)
- Total payroll costs as a percentage of recurring income were 69.1% (2015 : 70.2%)

Trustees' report (continued)

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.

Financial Review to update

The majority of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ending 31st August 2016 and the associated expenditure is shown in the Statement of Financial Activities as restricted funds.

The Academy also receives capital funding to address capital expenditure. This income is shown in the Statement of Financial Activities as restricted income in the fixed asset fund.

The financial results of Yardleys School are detailed in the following pages. It is considered that the finances are sound and well established. The principal financial management policies adopted are laid down by the Financial Handbook for Academies published by the EFA and requirements as laid down by the Academy's Financial Handbook.

During the year ended 31 August 2016 total resources expended were £7,109,810 and the surplus of expenditure over income was £290,635 which included depreciation of £448,235.

Reserves Policy

The Trustees continually monitor the reserves of the Charitable Company. This process encompasses the nature of income and expenditure streams and the need to match commitments with income and nature of reserves.

It is the Governing Body's general policy to continue to build reserves which can be used for future educational purposes.

The Academy had total funds at 31 August 2016 of £15,083,478 which included £890,761 restricted funds not available for general purposes of the Academy Trust, £1,839,089 of free reserves defined as unrestricted funds available for general purposes and £14,922,628 which can only be realised by the disposal of tangible fixed assets.

The balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds was a surplus/deficit of £2,729,850.

In addition, the deficit on the restricted pension fund of £2,569,000 arises from an actuarial deficit on the local government pension scheme which will be dealt with as advised by the actuary.

Budgeted expenditure for 2016/17 is £6,639,733.

Investment Policy

Any surplus funds are invested with Lloyds Bank plc in a deposit account.

These investments are carried out in accordance with the powers vested in the Governing Body.

Trustees' report (continued)

Principal Risks and Uncertainties

The Trustees have considered the major risks and uncertainties facing the Charitable Company which include changes in legislation and regulations and cash flow management and have put in place procedures to deal with these matters.

Attention has also been focussed on non-financial risks arising from fire, health and safety. These risks are managed by ensuring accreditation is up to date, having robust policies in place, and regular awareness training for staff working in these operational areas.

Plan for Future Periods

The school aims to maintain and improve upon its outstanding status, through:

- Raising standards of achievement at GCSE especially in English and Maths
- Embedding new leadership and management systems and structures
- Improving the level of challenge and progress in lessons
- Reviewing and improving the curriculum – both formal and extended
- Improving pupil welfare, personal development and aspirations
- Development of the academy business management, premises and facilities
- Building an extension to create additional classroom space and a multi-use hall
- Applying to become a Multi-Academy Trust

Auditor

Insofar 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 14 December 2016 and signed on the board's behalf by:



Jean Helme - Chair of Trustees

Governance Statement (continued)

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Yardleys 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 Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Yardleys 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 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Main Board	Meeting attended	Out of a possible
Names		
Mr Muhammed Amin (parent - appointed 3.12.15)	2	4
Mr David Crook (term of office ended 15.10.16)	4	6
Mr Brynley Evans (Head Teacher – appointed 1.9.15)	6	6
Mr John Gardner (Vice Chair - elected 27.9.16)	6	6
Mr Benn Gray (staff - elected 12.1.16)	4	4
Mr Henroy Green (Member – appointed 23.9.14)	3	6
Mr Adill Hadi (Member – appointed 29.9.15)	5	6
Ms Jean Helme (Chair - elected 27.9.16)	5	6
Mr Peter Lee (Member – appointed 26.11.13)	4	6
Mr Gary Neal (Co-opted – 23.09.14)	3	6
Mr Satinderpal Sohal (Staff – elected 8.10.2015)	5	5
Mrs Jaysharee Vadgama (Member – resigned 20.10.15)	1	1
Mr John Wilson (Staff – resigned 29.09.15)	2	6

An independent review of governance was undertaken during the year which found that there needed to be a greater focus on monitoring the schools work and program towards achieving school improvement targets.

Subsequent to this the following actions were taken:

- Changed committee structure to focus more on standards and student outcomes
- Improvements to the monitoring framework for governors
- Changed the format and agenda structure for leadership and governance meetings

Governance Statement (continued)

Finance, Premises and Staffing Committee	Meeting attended	Out of a possible
Name		
Mr Muhammed Amin (parent - appointed 3.12.15)	3	3
Mr Brynley Evans (Head Teacher – appointed 1.9.15)	6	6
Mr John Gardner (Vice Chair - elected 27.9.16)	6	6
Mr Benn Gray (staff - elected 12.1.16)	3	3
Ms Jean Helme (Chair - elected 27.9.16)	5	6
Mr Peter Lee (Member – appointed 26.11.13)	4	6
Mrs Jaysharee Vadgama (Member – resigned 20.10.15)	1	1

The finance, premises and staffing committee is a sub-committee of the main board of trustees. Its purpose is to:

- assist the decision-making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the academy's finances, resources, including proper planning, monitoring and probity.
- to receive regular reports on premises issues including health and safety and the monitoring of the PFI contract and advise the governing body on priorities for development.
- to oversee and review the schools staffing structure, ensuring compliance with practices and legislations relating to personnel.

Review of value for money

As accounting officer, the head teacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year.

The academy focusses on raising attainment for all students linked to aims and objectives included within the School Improvement Plan, thus ensuring maximum impact in the provision of the curriculum. This is achieved by:

- Employing an additional 6 teachers to provide support in the provision of the curriculum. The school is 6 form entry and has 8 classes per year group, resulting in smaller sized classes, which makes a significant impact on raising attainment.
- The staffing structure is regularly reviewed and additional staff are utilised to target key curriculum areas such as English and Maths. Targeted support is also provided for students, such as after school clubs and holiday booster sessions.
- The school buys into a specialist behaviour support service to support all pupils and to enable them to develop positive behaviour management strategies within school. The school also purchases an external counselling service, offering students a counselling service to support them with a range of issues.
- All expiring contracts are appraised and renegotiated where necessary to ensure that value for money is achieved. The school ensures that competitive tendering procedures are adhered to when entering into new contracts which exceed the tendering value.

Governance Statement (continued)

- The school have negotiated a reduction in the subsidy for the provision of school meals with the catering provider and ensured that the prices for the staff and students have not increased to the level that was originally suggested.
- A change in the supplier of energy has resulted in cost saving efficiencies due to a reduced rate being applied. Energy conservation measures are being explored.
- The academy has appointed a responsible officer from Birmingham Local Authority, Schools Financial Services to carry out a termly independent review of the school's financial operations. The responsible officer produces a comprehensive compliance report providing the Finance, Premises and Staffing Committee / governors with financial assurance.
- Feltons Chartered Accountants and Business Advisers conduct an annual audit at year-end prior to the compilation of the year-end annual accounts, which are then presented to the Governing Body for approval.
- The school engages with other educational providers, Teaching School Alliances and subscribes to the Birmingham Association of School Business Managers, National Association of School Business Managers, Education Executive and the National Governors' Association. These groups provide a valuable tool for accessing and sharing new ideas with colleagues and can show how to drive up standards.

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 the Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Yardleys School for the year to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Finance, Premises and Staffing 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;

Governance Statement (continued)

- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed:

- Schools Financial Services, Birmingham Local Authority, to carry out a biannual independent financial review.

This 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 accounts / bank reconciliations

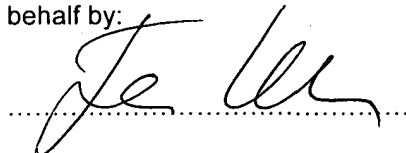
Review of Effectiveness

As Accounting Officer, Brynley Evans (the Head Teacher) has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

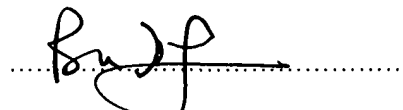
- the work of the internal reviewer;
- the work of the external auditor;

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

Approved by order of the members of the Governing Body on 14 December 2016 and signed on its behalf by:



Jean Helme
Chair of Governors




Brynley Evans
Accounting Officer

Statement on regularity, propriety and compliance

As Accounting Officer of Yardleys School, I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State 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 2016.

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 the EFA.



..... Brynley Evans – Accounting Officer

14 December 2016

Statement of Trustees' Responsibilities

The trustees (who act as governors of Yardleys 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 trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure for that period. In preparing these financial statements, the trustees are required to:

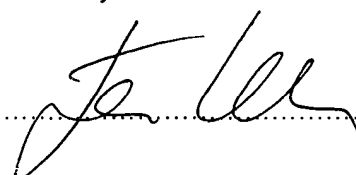
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls which conform 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 14 December 2016 and signed on its behalf by:



..... Jean Helme – Chair of Trustees

Yardleys School
(A Company Limited by Guarantee)

Independent Auditor's Report on the Financial Statements to the Members of Yardleys School

We have audited the financial statements of Yardleys School (A Company Limited by Guarantee) for the period ended 31 August 2016 which comprise the Statement of Financial Activities, 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 academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities (set out on page 13), the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements :

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2016, and of its incoming resources and application of resources, including its income and expenditure, for the period 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 Academies Accounts Direction 2015 to 2016.

**Yardleys School
(A Company Limited by Guarantee)**

**Independent Auditor's Report on the Financial Statements to the Members of Yardleys School
(continued)**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report including the Strategic Report for the financial year 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
- 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 the audit.

Feltons

David W Farnsworth FCA (Senior Statutory Auditor)

For and on behalf of Feltons, Statutory Auditor

8 Sovereign Court

8 Graham Street

Birmingham B1 3JR

15 December 2016

Yardleys School
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Yardleys School and the Education Funding Agency

In accordance with the terms of our engagement letter dated 31 March 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Yardleys School during the period 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 Yardleys School Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Yardleys 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 Yardleys School and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Yardleys School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Yardleys School's funding agreement with the Secretary of State for Education dated 31 July 2013 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 period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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 trust's income and expenditure.

The work undertaken to draw our conclusion includes :

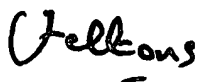
- Consideration of the applicable legislation and the Academy Trust's Funding Agreement
- Review and evaluation of the academy trust's system of internal controls
- Examination and assessment of the Accounting Officer's statement on Regularity, Propriety and Compliance
- Examination, on a test basis, of third party evidence supporting income and expenditure
- Review of exceptional and unusual items

Yardleys School
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Yardleys 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 period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



David W Farnsworth FCA (Senior Statutory Auditor)
For and on behalf of Feltons, Statutory Auditor
8 Sovereign Court
8 Graham Street
Birmingham B1 3JR

15 December 2016

Yardleys School
(A Company Limited by Guarantee)

Statement of financial activities for the year ended 31 August 2016
(including income and expenditure account)

	Notes	Unrestricted funds £	Restricted pension fund £	Restricted general funds £	Restricted fixed asset funds £	Total 2016 £	Total 2015 £
Income from :							
Donations and capital grants	2	-	-	-	19,491	19,491	19,424
Funding for the academy trust's educational operations	3	18,157	-	6,752,547	-	6,770,704	6,737,834
Other educational activities	4	15,744	-	-	-	15,744	12,681
Investments	5	13,236	-	-	-	13,236	8,655
Total		47,137	-	6,752,547	19,491	6,819,175	6,778,594
Expenditure on :							
Charitable activities:							
Academy trust's educational operations	6	20,841	78,000	6,577,734	433,235	7,109,810	7,057,022
Total		20,841	78,000	6,577,734	433,235	7,109,810	7,057,022
Net income/(expenditure) before transfers		26,296	(78,000)	174,813	(413,744)	(290,635)	(278,428)
Transfers between funds	14	-	-	(43,049)	43,049	-	-
Net income/(expenditure) after transfers		26,296	(78,000)	131,764	(370,695)	(290,635)	(278,428)
Other recognised gains/(losses)							
Actuarial gains/(losses) on defined benefit pension schemes	14, 22	-	(871,000)	-	-	(871,000)	(98,000)
Net movement in funds		26,296	(949,000)	131,764	(370,695)	(1,161,635)	(376,428)
Reconciliation of funds							
Total funds brought forward	14	1,812,793	(1,620,000)	758,997	15,293,323	16,245,113	16,621,541
Total funds carried forward		1,839,089	(2,569,000)	890,761	14,922,628	15,083,478	16,245,113

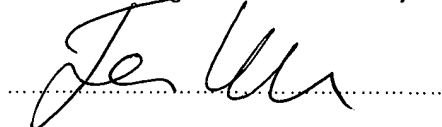
All of the Academy's activities derive from continuing operations during the above two financial periods.

Yardleys School
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Company number : 08496504
Balance sheet as at 31 August 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Tangible assets	11		15,130,790		15,495,420
Current assets					
Debtors	12	119,139		125,127	
Cash at bank and in hand		<u>2,880,619</u>		<u>2,762,867</u>	
		2,999,758		2,887,994	
Liabilities					
Creditors: amounts falling due within one year	13(a)	<u>311,093</u>		<u>337,966</u>	
Net current assets			2,688,665		2,550,028
Total assets less current liabilities			<u>17,819,455</u>		<u>18,045,448</u>
Creditors: amounts falling due after more than one year	13(b)		(166,977)		(180,335)
Net assets excluding pension liability			<u>17,652,478</u>		<u>17,865,113</u>
Defined benefit pension scheme liability	22		(2,569,000)		(1,620,000)
Total net assets			<u><u>15,083,478</u></u>		<u><u>16,245,113</u></u>
Funds of the academy trust :					
Restricted funds					
Fixed asset fund	14	14,922,628		15,293,323	
General fund	14	890,761		758,997	
Pension reserve	14	<u>(2,569,000)</u>		<u>(1,620,000)</u>	
Total restricted funds			13,244,389		14,432,320
Unrestricted income funds	14		1,839,089		1,812,793
Total funds			<u><u>15,083,478</u></u>		<u><u>16,245,113</u></u>

The financial statements on pages 18 to 40 were approved by the trustees, and authorised for issue on 14 December 2016 and are signed on their behalf by:



Jean Helme - Chair of Trustees

Yardleys School
(A Company Limited by Guarantee)

Statement of cash flows for the year ended 31 August 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by / (used in) operating activities	18	168,630	297,865
Cash flows from investing activities	19	(50,878)	(101,449)
Change in cash and cash equivalents in the reporting period		117,752	196,416
Cash and cash equivalents at 1 September 2015		2,762,867	2,566,451
Cash and cash equivalents at 31 August 2016	20	<u>2,880,619</u>	<u>2,762,867</u>

Yardleys School
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2016

1. Statement of accounting policies

Basis of preparation

The financial statements of the academy trust 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.

Yardleys School meets the definition of a public benefit entity under FRS 102.

First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of 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.

Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

Yardleys School
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2016 (continued)

1. Statement of accounting policies (continued)

Income (continued)

- **Grants (continued)**

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

- **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. Upon sale the fair value of the goods is charged against, and the proceeds are recognised as, 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Expenditure

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

- **Expenditure on raising funds**

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

**Yardleys School
(A Company Limited by Guarantee)**

Notes to the financial statements for the year ended 31 August 2016 (continued)

1. Statement of accounting policies (continued)

Expenditure (continued)

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

PFI Agreement

The Academy occupies buildings which are owned by Birmingham City Council and utilised by the Academy under a PFI agreement between Council and the PFI contractor. The Academy pays revenue contributions in respect of facilities management. The contract will expire in 2031. The Academy has the rights and obligations of ownership in respect of these assets which are therefore included on the Academy's balance sheet as at the date of conversion.

Assets other than buildings are accounted for at fair value with the corresponding liability included in creditors in accordance with FRS 102.

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 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.

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

Leasehold buildings	- straight line over 50 years
Fittings and equipment	- 10% straight line
Computer hardware	- 33% straight line
Motor vehicles	- 25% reducing balance

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

Yardleys School
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2016 (continued)

1. Statement of accounting policies (continued)

Debtors

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

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.

Liabilities

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 trust 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.

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 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.

Pension benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of 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.

Yardleys School
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2016 (continued)

1. Statement of accounting policies (continued)

Pension benefits (continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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.

Fund accounting

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

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

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

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.

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 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Yardleys School
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2016 (continued)

2. Donations and capital grants

	Unrestricted funds £	Restricted general fund £	Restricted fixed asset funds £	Total 2016 £	Total 2015 £
Capital grants	-	-	19,491	19,491	19,424
	-	-	19,491	19,491	19,424
2015 total	-	-	19,424	19,424	

3. Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted general fund £	Restricted fixed asset funds £	Total 2016 £	Total 2015 £
DfE/EFA grants					
General Annual Grant (GAG)	-	6,210,023	-	6,210,023	6,144,707
Other DfE/EFA grants	-	527,645	-	527,645	543,835
	-	6,737,668	-	6,737,668	6,688,542
Other government grants					
Local authority grants	-	14,879	-	14,879	19,973
	-	14,879	-	14,879	19,973
Other income from the academy trust's educational operations	18,157	-	-	18,157	29,319
	18,157	14,879	-	33,036	49,292
	18,157	6,752,547	-	6,770,704	6,737,834
2015 total	49,292	6,688,542	-	6,737,834	

4. Other educational activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Miscellaneous	15,744	-	15,744	12,681
	15,744	-	15,744	12,681
2015 total	12,681	-	12,681	

Yardleys School
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2016 (continued)

5. Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	13,236	-	13,236	8,655
2015 total	8,655	-	8,655	

6. Resources expended

	Staff costs £	Non pay expenditure Premises £	Other costs £	Total 2016 £	Total 2015 £
Academy's educational operations					
Direct costs	4,033,996	250,263	454,961	4,739,220	4,676,285
Allocated support costs	678,426	1,269,722	422,442	2,370,590	2,380,737
	<u>4,712,422</u>	<u>1,519,985</u>	<u>877,403</u>	<u>7,109,810</u>	<u>7,057,022</u>
2015 total	4,755,261	1,479,589	822,172	7,057,022	

		Total 2016 £	Total 2015 £
Net incoming/(outgoing) resources for the year include :			
Operating leases	- plant and machinery	28,276	28,885
	- PFI contract	889,746	796,392
Depreciation		448,235	443,063
Fees payable to auditor	- audit	7,300	7,140
	- other services	-	400

Yardleys School
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2016 (continued)

7. Charitable activities

	Unrestricted funds £	Restricted pension fund £	Other restricted funds £	Total 2016 £	Total 2015 £
Educational operations					
Direct costs	18,157	-	4,721,063	4,739,220	4,676,285
Support costs	2,684	78,000	2,289,906	2,370,590	2,380,737
	<u>20,841</u>	<u>78,000</u>	<u>7,010,969</u>	<u>7,109,810</u>	<u>7,057,022</u>
2015 total	<u>47,412</u>	<u>65,000</u>	<u>6,944,610</u>	<u>7,057,022</u>	
Analysis of support costs					
Support staff	-	78,000	600,426	678,426	811,779
Depreciation	-	-	182,972	182,972	156,941
Technology costs	-	-	47,782	47,782	66,995
Premises costs	-	-	1,086,750	1,086,750	1,032,160
Other support costs	2,684	-	364,676	367,360	304,222
Governance costs	-	-	7,300	7,300	8,640
Total support costs	<u>2,684</u>	<u>78,000</u>	<u>2,289,906</u>	<u>2,370,590</u>	<u>2,380,737</u>
2015 total	<u>6,401</u>	<u>65,000</u>	<u>2,309,336</u>	<u>2,380,737</u>	

8. Staff

a) Staff costs

Staff costs during the period were:

	Total 2016 £	Total 2015 £
Wages and salaries	3,527,203	3,498,118
Social security costs	306,700	276,602
Operating costs of defined benefit pension schemes	697,115	829,251
	<u>4,531,018</u>	<u>4,603,971</u>
Supply staff costs	181,404	151,290
	<u>4,712,422</u>	<u>4,755,261</u>

Yardleys School
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2016 (continued)

8. Staff (continued)

b) Staff numbers

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

	2016 Number	2015 Number
Charitable activities		
Teachers	67	67
Administration and support	45	45
Management	8	8
	<u>120</u>	<u>120</u>

c) Higher paid staff

	Total 2016 Number	Total 2015 Number
The number of employees whose emoluments (excluding employer pension costs) exceeded £60,000 was :		
£60,001 - £70,000	2	1
£70,001 - £80,000	2	3
£90,001 - £100,000	1	-
£120,001 - £130,000	<u>-</u>	<u>1</u>

d) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £612,927 (2015: £711,833).

Yardleys School
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2016 (continued)

9. Related Party Transactions - Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows :

J Wilson (staff trustee)	
Remuneration	£45,000 - £50,000 (2015 : £45,000 - £50,000)
Employer's pension contributions paid	£5,000 - £10,000 (2015 : £5,000 - £10,000)
B Evans (head teacher and trustee - appointed 01/09/15)	
Remuneration	£95,000 - £100,000
Employer's pension contributions paid	£15,000 - £20,000
S Sohal (staff trustee - appointed 08/10/15)	
Remuneration	£30,000 - £35,000
Employer's pension contributions paid	£5,000 - £10,000
B Gray (staff trustee - appointed 12/01/16)	
Remuneration	£15,000 - £20,000
Employer's pension contributions paid	£0 - £5,000

During the year ended 31 August 2016, no travel and subsistence expenses (2015 : £nil) were reimbursed or paid directly to (2015 : none) trustees. Other related party transactions involving the trustees are set out in note 23.

10. 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 £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,493 (2015 : £1,450). The cost of this insurance is included in the total insurance cost.

Yardleys School
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Notes to the financial statements for the year ended 31 August 2016 (continued)

11. Tangible fixed assets

	Long leasehold property £	Fittings and equipment £	Computer hardware £	Motor vehicle £	Total £
Cost or valuation					
At 1 September 2015	15,688,141	422,800	257,912	25,033	16,393,886
Additions	-	73,329	10,276	-	83,605
At 31 August 2016	<u>15,688,141</u>	<u>496,129</u>	<u>268,188</u>	<u>25,033</u>	<u>16,477,491</u>
Depreciation					
At 1 September 2015	653,673	78,032	155,418	11,343	898,466
Charge for the year	313,763	47,739	83,310	3,423	448,235
At 31 August 2016	<u>967,436</u>	<u>125,771</u>	<u>238,728</u>	<u>14,766</u>	<u>1,346,701</u>
Net book values					
At 31 August 2016	<u>14,720,705</u>	<u>370,358</u>	<u>29,460</u>	<u>10,267</u>	<u>15,130,790</u>
At 31 August 2015	<u>15,034,468</u>	<u>344,768</u>	<u>102,494</u>	<u>13,690</u>	<u>15,495,420</u>

Leasehold property was valued at 29 May 2014 by The Valuation Office Agency – DVS and the fittings and equipment and computer hardware were valued as at the same date by the trustees. The basis on which the valuations were made was depreciated replacement cost.

Cost or valuation at 31 August 2016 is represented by :

	Long leasehold property £	Fittings and equipment £	Computer hardware £	Motor vehicles £	Total £
Valuation in 2014	15,618,800	254,982	47,129	25,033	15,945,944
Cost	69,341	241,147	221,059	-	531,547
	<u>15,688,141</u>	<u>496,129</u>	<u>268,188</u>	<u>25,033</u>	<u>16,477,491</u>

The trusts acquisition in 2014 relating to land and buildings included the taking up of a leasehold on Yardleys School for over a term of 125 years.

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Notes to the financial statements for the year ended 31 August 2016 (continued)

12. Debtors

	Total 2016 £	Total 2015 £
Debtors from operations	792	50
VAT recoverable	1,795	6,438
Prepayments and accrued income	116,552	118,639
	<u>119,139</u>	<u>125,127</u>

13. Creditors

	Total 2016 £	Total 2015 £
(a) Amounts falling due within one year :		
Accruals and deferred income	175,879	171,239
Other creditors	135,214	166,727
	<u>311,093</u>	<u>337,966</u>
 (b) Amounts falling due after more than one year :		
Other creditors	<u>166,977</u>	<u>180,335</u>

Other creditors includes amounts due to Birmingham City Council for obligations under PFI contracts. Yardleys School have agreed to pay the Council amounts for maintenance of buildings, and for assets other than property acquired on conversion. The arrangements are for 14 years for the FM contract.

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Notes to the financial statements for the year ended 31 August 2016 (continued)

14. Funds

	Balance at 31 August 2015 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant (GAG)	758,997	6,210,023	(6,035,210)	(43,049)	890,761
Pupil Premium	-	527,645	(527,645)	-	-
Other grants	-	14,879	(14,879)	-	-
	<u>758,997</u>	<u>6,752,547</u>	<u>(6,577,734)</u>	<u>(43,049)</u>	<u>890,761</u>
Restricted fixed asset funds					
Transfer on conversion	15,022,926	-	(333,874)	-	14,689,052
DfE/EFA capital grants	29,692	19,491	(6,171)	(19,527)	23,485
Capital expenditure from GAG	239,842	-	(78,816)	49,218	210,244
PFI provider	863	-	(14,374)	13,358	(153)
	<u>15,293,323</u>	<u>19,491</u>	<u>(433,235)</u>	<u>43,049</u>	<u>14,922,628</u>
Pension reserve	<u>(1,620,000)</u>	<u>-</u>	<u>(78,000)</u>	<u>(871,000)</u>	<u>(2,569,000)</u>
Total restricted funds	<u>14,432,320</u>	<u>6,772,038</u>	<u>(7,088,969)</u>	<u>(871,000)</u>	<u>13,244,389</u>
Unrestricted funds					
Other income	1,812,793	47,137	(20,841)	-	1,839,089
Total unrestricted funds	<u>1,812,793</u>	<u>47,137</u>	<u>(20,841)</u>	<u>-</u>	<u>1,839,089</u>
Total funds	<u>16,245,113</u>	<u>6,819,175</u>	<u>(7,109,810)</u>	<u>(871,000)</u>	<u>15,083,478</u>

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

Restricted general funds

These comprise all restricted funds other than restricted fixed asset funds and include grants from The Education Funding Agency and Birmingham City Council.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Unrestricted funds

These comprise resources that may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

Restricted fixed asset funds

These comprise resources which are to be applied to specific capital purposes imposed by The Education Funding Agency and Birmingham City Council where the asset acquired or created is held for a specific purpose.

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Notes to the financial statements for the year ended 31 August 2016 (continued)

15. Analysis of net assets between funds

Fund balances at 31 August 2016
are represented by:

	Unrestricted funds £	Restricted pension funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	-	15,130,790	15,130,790
Current assets	1,839,089	-	1,160,669	-	2,999,758
Current liabilities	-	-	(269,908)	(41,185)	(311,093)
	<u>1,839,089</u>	<u>-</u>	<u>890,761</u>	<u>15,089,605</u>	<u>17,819,455</u>
Creditors due after one year	-	-	-	(166,977)	(166,977)
Pension scheme liability	-	(2,569,000)	-	-	(2,569,000)
Total net assets	<u>1,839,089</u>	<u>(2,569,000)</u>	<u>890,761</u>	<u>14,922,628</u>	<u>15,083,478</u>

16. Capital commitments

There were no capital commitments at 31 August 2016 (2015 : £nil).

17. Commitments under operating leases

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

	Non-cancellable commitments		Operating leases	
	Total 2016 £	Total 2015 £	Total 2016 £	Total 2015 £
Amounts due within one year	916,560	742,680	108,484	108,484
Amounts due between one and five years	3,666,240	2,970,720	13,743	103,227
Amounts due after five years	8,783,700	7,860,030	-	-
	<u>13,366,500</u>	<u>11,573,430</u>	<u>122,227</u>	<u>211,711</u>

**18. Reconciliation of net income/(expenditure) to net cash flow
from operating activities**

	Total 2016 £	Total 2015 £
Net income/(expenditure) for reporting period (as per the SoFA on page 18)	(290,635)	(278,428)
Depreciation (note 11)	448,235	443,063
Capital grants from EFA and other capital income	(19,491)	(19,424)
Interest receivable (note 5)	(13,236)	(8,655)
Defined benefit pension scheme cost less contributions payable	16,000	11,000
Defined benefit pension scheme finance cost/(income) (note 22)	62,000	54,000
Decrease / (increase) in debtors	5,988	106,883
Increase / (decrease) in creditors	(40,231)	(10,574)
Net cash provided by / (used in) operating activities	<u>168,630</u>	<u>297,865</u>

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Notes to the financial statements for the year ended 31 August 2016 (continued)

19. Cash flows from investing activities

	Total 2016 £	Total 2015 £
Interest received	13,236	8,655
Purchase of tangible fixed assets	(83,605)	(129,528)
Capital grants from DfE/EFA	19,491	19,424
Net cash provided by / (used in) investing activities	(50,878)	(101,449)

20. Analysis of cash and cash equivalents

	At 31 August 2016 £	At 31 August 2015 £
Cash at bank and in hand	2,880,619	2,762,867
	2,880,619	2,762,867

21. Member's 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.

22. Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Midlands Pension Fund. Both are multi-employer defined-benefit schemes.

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

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 for the year ended 31 August 2016 (continued)

22. Pension and similar obligations (continued)

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 year amounted to £415,692 (2015 : £362,052).

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

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

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Notes to the financial statements for the year ended 31 August 2016 (continued)

22. Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £222,000 (2015 : £173,000), of which employer's contributions totalled £170,000 (2015 : £130,000) and employees' contributions totalled £52,000 (2015 : £43,000). The agreed contribution rates for future years are 13% for employers and 8.5% for employees.

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

The trustees have agreed that the trust will make additional contributions in addition to normal funding levels over the next 28 years.

Principal actuarial assumptions

	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.75%	4.15%
Rate of increase for pensions in payment / inflation	2.00%	2.40%
Discount rate for scheme liabilities	2.20%	4.00%
Inflation assumption (CPI)	2.00%	2.40%
Commutation of pensions to lump sums	50.00%	50.00%

Sensitivity analysis

	As disclosed	Discount rate	Pension increases	In life expectancy
		+ 0.1% pa	+ 0.1% pa	+ 1 year
	£'000s	£'000s	£'000s	£'000s
Present value of total obligation	3,264	3,177	3,340	3,351
Projected service cost	288	280	296	295
		- 0.1% pa	- 0.1% pa	- 1 year
	£'000s	£'000s	£'000s	£'000s
Present value of total obligation	3,264	3,353	3,190	3,179
Projected service cost	288	296	280	281

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

	At 31 August 2016	At 31 August 2015
Retiring today		
Males	23.1	23.0
Females	25.8	25.6
Retiring in 20 years		
Males	25.3	25.2
Females	28.1	28.0

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Notes to the financial statements for the year ended 31 August 2016 (continued)

22. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	413,000	222,000
Government bonds	48,000	27,000
Other bonds	59,000	37,000
Property	55,000	31,000
Cash/liquidity	45,000	18,000
Other	75,000	34,000
Total market value of assets	695,000	369,000

The actual return on scheme assets was £92,000 (2015 : £13,000).

	2016 £	2015 £
Amount recognised in the statement of financial activities		
Current service cost (net of employee contributions)	186,000	141,000
Net interest cost	62,000	59,000
Total operating charge	248,000	200,000

Changes in the present value of defined benefit obligations were as follows :

	2016 £	2015 £
At 1 September 2015	1,989,000	1,644,000
Current service cost	186,000	141,000
Interest cost	81,000	70,000
Change in financial assumptions	944,000	95,000
Estimated benefits paid net of transfers in	12,000	(4,000)
Contributions by Scheme participants and other employers	52,000	43,000
At 31 August 2016	3,264,000	1,989,000

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Notes to the financial statements for the year ended 31 August 2016 (continued)

22. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Changes in the fair value of academy's share of scheme assets were as follows :

	2016	2015
	£	£
At 1 September 2015	369,000	187,000
Interest on assets	19,000	11,000
Return on assets less interest	73,000	2,000
Employer contributions	170,000	130,000
Employee contributions	52,000	43,000
Benefits paid	12,000	(4,000)
At 31 August 2016	<u>695,000</u>	<u>369,000</u>
 Net pension scheme liability	 <u>(2,569,000)</u>	 <u>(1,620,000)</u>

23. Related party transactions

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

No related party transactions took place in the period of account other than trustees' remuneration and expenses already disclosed in note 9.

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Notes to the financial statements for the year ended 31 August 2016 (continued)

25. Explanation of transition to 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.

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015.