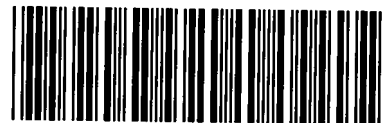


FAREHAM ACADEMY
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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FAREHAM ACADEMY
(A company limited by guarantee)

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FAREHAM ACADEMY
(A company limited by guarantee)

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

Members

Mr K Blackmore
Mr K Childs
Mrs E Webb

Governors

Mr K Childs, Chair
Mrs E Webb, Vice Chair
Mrs A Deasy, Head Teacher (appointed 1 September 2015)
Mr R Patel, Deputy Headteacher
Mr K Blackmore
Mrs E Baxter (appointed 17 March 2016)
Mr M Britton (appointed 9 February 2016)
Mrs G Carmichael
Mr M Cooper (resigned 28 September 2015)
Mr N Edwards (resigned 17 March 2016)
Mrs J Hawksworth
Mrs S Lowry (appointed 9 May 2016)
Miss V Marson
Mr S Mead
Mrs G Payne (resigned 1 September 2015)
Ms J Rogers
Mrs J Tucker
Mr M Wills

Company registered number

08549807

Company name

Fareham Academy

Principal and registered office

St Anne's Grove
Fareham
Hampshire
PO14 1JJ

Senior management team

Mrs A Deasy, Headteacher
Mrs A Lowe, Deputy Headteacher
Mr R Patel, Deputy Headteacher
Mr D Butterworth, Senior Assistant Headteacher
Miss R Brice, Assistant Headteacher

FAREHAM ACADEMY
(A company limited by guarantee)

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

Advisers (continued)

Independent auditors

Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandlers Ford
Eastleigh
Hampshire
SO53 4AR

Bankers

Lloyds Bank
Ariel House
2138 Coventry Road
Sheldon
B26 3JW

Solicitors

Michelmores
Woodwater House
Pynes Hill
Exeter
EX2 5WR

FAREHAM ACADEMY
(A company limited by guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1st September 2015 to 31st 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 students aged 11-16 serving a catchment area in Fareham. It has a student capacity of 900 and had a roll of 625 in the school census in May 2016.

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 Governors act as the trustees of for the charitable activities of Fareham Academy and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Fareham Academy.

Details of the Governors who served throughout the year are included in the Reference and Administrative details on page 21.

Members' Liability

Every member of the Academy Trust undertakes to contribute such amount as may be required (not exceeding £10) to the Academy Trust's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the Academy Trust's debts and liabilities before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.

Governors' Indemnities

The Academy Trust has purchased Governor's liability insurance to the value of £5,000,000.

Method of Recruitment and Appointment or Election of Governors

The process for appointing or electing governors at Fareham Academy is outlined below:

Member Appointed Governors: There are six Member Appointed Governors who are appointed by the Academy Trust.

Staff governors: There are two Staff Governors who are elected by members of staff. If the number of staff standing for election is less than the number of vacancies then they can be appointed by the Governing Body.

Governor Appointed Governors: There are four Governor Appointed Governors who are appointed by the Governing Body.

Parent Governors: There are two Parent Governors who are elected by parents. If the number of parents standing for election is less than the number of vacancies then they can be appointed by the Governing Body as long as they are a parent of a child of compulsory school age.

All governors are appointed for a four year term with the exception of the Headteacher to is entitled to be a Governor for as long as he or she is Headteacher.

When a vacancy occurs the Governing Body will ensure that all appropriate parties are made aware of the opportunities, the skills that the Governing Body is seeking and the process to be followed. Information is given to new and prospective governors via the Academy newsletter and the website.

FAREHAM ACADEMY
(A company limited by guarantee)

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

Policies and Procedures Adopted for the Induction and Training of Governors

The Academy Trust has a governor induction policy for new governors and governor induction training is provided by Hampshire Governor Services. The Academy Trust buys into a governor training service level agreement with Hampshire Governor Services to ensure that all governors have access to the appropriate training.

Organisational Structure

At Fareham Academy the majority of the roles and responsibilities of the Governing Body have been delegated to a small number of committees. The Full Governing Body has retained responsibility for certain aspects. The sub-committees report to the Full Governing Body meeting, held termly.

Members of the Senior Leadership Team (SLT), in addition to the Headteacher, attend Governors' meetings as appropriate.

The Governors are responsible for the strategic management of the Academy, deciding and setting key aspects of the Academy, including strategic direction, annual budgets, senior staff appointments, policy changes etc. Operational management is the responsibility of the Headteacher and staff.

Academy policies are developed by senior staff, to reflect both the strategic direction agreed by the Governing Body and also statutory requirements. These policies are approved and adopted by the Governing Body and implemented as procedures and systems by the SLT and other designated members of staff.

The Resources Committee has responsibility and delegated authority for the oversight and monitoring of the management of the budget share. The committee considers and presents for Full Governors approval of the annual school budget and the 3 year budget plan. The committee fulfils the role of the Audit Committee and has responsibility to assist the Governing Body in the internal control structure, procedures for financial reporting, monitoring the financial statements and risk management processes.

The Resources Committee also has responsibility and delegated authority for the planning, implementation, monitoring and evaluation of the staffing structure in the context of the Academy's strategic and improvement plans. Including community use of the Academy, Health & Safety, security and maintenance and development of the Academy building and grounds.

The Pay Committee has full delegated powers to make all decisions about individual's pay on behalf of the Governing Body.

The Achievement and Standards Committee oversees and monitor the curriculum provision and the development of further strategies to address differences in achievement. In addition the Committee oversees special educational needs, extra-curricular activities, behaviour and attendance.

The Full Governing Body meets on a termly basis and receives reports from each of the sub-committees.

Arrangements for setting pay and remuneration of key management personnel

Pay for leadership personnel is set by the Pay Committee. This includes all members of the Senior Management Team who have delegated authority for the day to day running of the school.

FAREHAM ACADEMY
(A company limited by guarantee)

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

Related Parties and other Connected Charities and Organisations

Fareham Academy is a single academy and historically has had limited formal support from external partnerships and networks. The Academy works with local and national schools through established networks although these relationships are largely informal. This is a potential risk to the Academy, particularly if key staff were to be absent for an extended period. To minimise this risk and enable greater support systems to the Academy, partnership working have been explored but no decisions have been made yet.

Objectives and Activities

Objectives and Aims

The main objective of the Academy Trust is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. It is also to promote for the benefit of the inhabitants of Fareham and the surrounding area the provision of facilities or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interest of social welfare and with the object of improving the condition of life of the said inhabitants.

The main objectives of the Trust during the period ended 31st August 2016 are summarised below:

- to raise the standard of educational achievements of all students in the Academy
- to ensure that every student enjoys the same high quality education in terms of resourcing, teaching and learning
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structures under continual review
- to comply with all appropriate statutory and curriculum requirements
- to provide value for money for the funds expended
- to conduct the Trust and Academy business in accordance with the highest standards of integrity, probity and openness

The aims of the Academy Trust are to continue:

- to provide a highly effective, ambitious, creative and challenging curriculum which meets the needs and challenges faced by individual students in the 21st century
- to ensure that all students receive an appropriate challenge in all subject areas, based on a high quality assessment of their achievement and reliable monitoring of their progress
- to provide the highest quality of education and promote consistently high expectations of our students.
- to set all students explicit targets for improvement in each subject
- to systematically evaluate the effectiveness of teaching and learning in all subject areas
- to work with staff, students, parents, governors and the community to create a happy, stimulating and supportive environment for learning
- to maintain our rapid and sustained progress of exam success for our students to enable them acquire the skills and knowledge to achieve their full potential in a rapidly changing world
- to value every student equally and promote equal opportunities for all students by having high expectations that all can succeed and by ensuring equal access to the curriculum
- to celebrate success
- to continue our uncompromising drive to become an outstanding school

The Academy Trust strongly believes that by developing transferable skills such as teamwork, communication, problem solving and innovation, students will be better prepared for the constantly changing world.

FAREHAM ACADEMY

(A company limited by guarantee)

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

Objectives, Strategies and Activities

Our main priority actions for the period 1 September 2016 to 31 August 2017 are:

Fareham Academy Priority Actions 2016 - 2017				
PERSPECTIVE	School Action Plan (SAP)			
Strategy (vision)	Strengthen and coordinate relationships with stakeholders as part of the marketing strategy. RPA	Develop and extend student tracking, data analysis and resulting actions. RBR	Define and articulate the strengths and weaknesses in the 4 Ofsted areas, ensuring that action points are implemented. ALO	Strengthen and coordinate citizenship through focus days, student leadership and student progress. DBU
Clients (Students, Parents, Community)	Evaluate, quantify and promote parental engagement at key points in the year for all year groups. DBU	Review and refine hiring opportunities at the academy. GPA	Review and coordinate effective initiatives to promote student welfare. DBU	Identify and implement effective strategies utilising funding streams. RPA
People (Staff, Governors)	Implement meaningful continued professional development for all staff. ALO	Promote teaching as a vocation in our local community. Ensure minimal staff turnover. ALO	Develop a monitoring process which is evidence based. GOVERNORS	Identifies ways to strengthen positive relationships between all stakeholders. RPA
Infrastructure /Process /Finance	Develop meaningful accountability strategies to measure performance and development of staff. ALO	Develop a clear strategic budget plan, monitored for effectiveness and demonstrates value for money. RPA	Refine quality assured assessments which are effectively used to inform and improve progress. RBR	Enhance the site development plan, sourcing funding streams as a driving factor. RPA

Public Benefit

The Academy Trust's chief charitable purpose is to advance for the public benefit, education in the United Kingdom. The achievements and performance outlined below, along with the statement of financial activities, are evidence that the Governors recognise and have complied with their duty to ensure that funds are spent for the public benefit.

The Academy provided secondary education to 693 young people aged 11 through to 16, with students studying towards achieving GCSEs. The Academy ensures that it provides a rich and balanced education to young people by meeting the requirements of the national curriculum. It also provides a range of events, activities, school trips as well as social and moral education to extend the learning and opportunities for young people.

FAREHAM ACADEMY
(A company limited by guarantee)

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

Strategic Report

Achievements and Performance

In summer 2016, we sustained our results and improved the 'quality of the grades' with 72.3% of our students achieving 5 A*- C and Core subjects remained above National Average.

	2016	2015	2014	2013	2012
Achieving 5+ A*-C incl English and Maths:	66.3%	56.8%	70.0%	66.0%	66.7%
Achieving 5+ A*-C:	72.3%	68.2%	79.0%	82.3%	90.0%

Attainment 8:

53.91% 50 in this measure is judged "good" by Ofsted an increase of 6.88% on last year.

Progress 8:

• 0.71

END OF YEAR RESULTS – SUMMER 2016

Year 11

<i>Performance Measure</i>	<i>Outcome</i>
Basics Measure (English and Maths)	68.3%
Attainment 8	53.91
Progress 8	0.71
5A*-C including English & Maths	66.3%
EBACC	11.9%
1 A A*	72.3%
3 A A*	22.8%
5 A A*	16.8%
8 A A*	8.9%
A*-C by Department	
ART	65 (90.6)
Business studies	46.4 (62.1)
BIOLOGY	100 (100)
CHILDCARE	92.3 (60)
CHEMISTRY	100 (100)
DANCE	44.4
DRAMA	69.2
ELIT	79.2 (79.7)
EN	72.3 (70.9)
FRENCH	15.1 (18.6)
GEOGRAPHY	38.6 (50)
HISTORY	45.5 (42.6)
ECDL	97
ITALIAN	100
LAW	25.9
MATHS	69.3 (69.6)
MEDIA STUDIES	55
PRODUCT DESIGN	40.6
PE	50.8 (42.6)
PHYSICS	100 (100)
RE	36 (42.6)
SCIENCE ADDITIONAL	70.7 (82.1)
SCIENCE CORE	75.3 (77.2)
SPANISH	14.3 (33.3)

FAREHAM ACADEMY
(A company limited by guarantee)

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

Achievements and Performance (continued)

- In school DS Gap of 22% in 5A*CEM. This is the same as last year 22.2. The Gap is smaller when compared to National average non DS 2015 which gives a gap of 12%. Last year the national average gap was 27%.
- In school DS Gap of 16% on new basics measure. Attainment 8 DS Gap of 6.6 points which is approximately half a grade difference.
- NO significant GAP with EAL students and far above national average gap of -3%
- Can't compare attainment for bands but can compare progress. Progress 8 for low band was 1.21 which is very high. High band progress 8 was 0.26 meaning that is another area of focus.

Key areas of focus and action plans:

- DS. High achieving DS.
- Progress of high band students. AA* for high band.

Data checking exercise should arrive at the end of September and this can be used to produce richer analysis compared to the new national averages, and including the significance of patterns and the impact of outliers.

Action plan is to continue with HODs completing a more depth analysis and department action plans. These are more rigorously monitored by SLT and fed back into T & L.

Our targets for progress for all year group are:

80% 3 levels of progress (LVOP)
40% 4 levels of progress (LVOP)
10% 5 levels of progress (LVOP)

Year 7

High percentage of students are on track to make 4 LVOP in English
The gender GAP is girls are currently out performing boys in English.
Maths is above school average for 4 LVOP however below school average for 3 LVOP
SEN students in Maths are significantly below than Non SEN students
High Achievers are 1.6x better in Maths than other subjects.

Year 8

Progress in English of students is in line with expectations
Progress in Maths is below the school average for 3/4LVOP
The GAP in attainment for DS students is 6% in Maths however the overall attainment is below school average.
SEN students are underperforming in Maths

Year 9

Progress if students are in line with expectations in English.
Girls are out performing boys
In Maths they are below school average for 3/4LVOP
GAP in attainment for DS students is 14% however overall attainment is below school average in Maths.
SEN students are underperforming in Maths.

Year 10

Progress in English is significantly low level of students making 4LVOP
Progress in Maths is below school average of 3&4 LVOP
High Achievers in Maths are currently on 3LVOP
SEN students are underperforming in Maths.

FAREHAM ACADEMY
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Key Performance Indicators

Comparative Attendance Analysis

Year	2015/16	2014/15	2013/14	2012/13	2011/12
Year 7	95.52%	95.11%	96.06%	95.64%	95.01%
Year 8	95.51%	95.24%	95.58%	94.57%	93.58%
Year 9	95.18%	95.23%	93.69%	93.57%	93.09%
Year 10	95.07%	94.94%	94.65%	93.4%	90.78%
Year 11	95.06%	94.32%	94.22%	95.15%	92.59%
Total	95.24%	95.09%	94.79%	94.43%	93.05%

Comparative Analysis on Parents' Evening

	Year 7 Meet the Tutors	Year 11 Oct	Year 8	Year 11	Year 9	Year 10	Year 7
2011-12 Attendance	n/a	58%	76%	58%	60%	65.0%	80%
2012-13 Attendance	69%	54.67	78.89	54.67	75.3%	73.4%	83%
2013-14 Attendance	87%	71%	75%	71%	71%	86%	85%
2014-15 Attendance	72%	65%	78%	68%	78%	66%	75%
2016-17 Attendance	67%	70%	62%	n/a	84%	64%	71%

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. In addition to the School Improvement Plan, the Governing body follows the best value principles:

- **COMPARE** Comparing, through the use of locally and nationally produced performance statistics, how our Academy's performance compares with that of others. This will ensure that the Academy moves forward on a firm financial basis that is linked to priorities identified in our School Development Plans.
- **CHALLENGE** Encouraging all members of the Academy community to challenge whether the Academy's performance is high enough, how we can further improve standards and monitor the service being provided critically at all times and why and how all services are being provided.
- **COMPETE** Be aware of developments in the field of education and business and where we are placed. Be aware of ways in which our Academy secures efficient and effective services, thus maximising the "spend value" of the budget.
- **CONSULT** Seeking the views of service users about the services provided through the use of the line management structures, questionnaires and feedback meetings with students and parents.

FAREHAM ACADEMY
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Financial Review

Most of the Academy's income is obtained from the DfE 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 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

In accordance with the Charities SORP 2005, the grants received are shown in the Statement of Financial Activities (SOFA) as restricted fixed asset funds.

Non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the balance sheet shows a net liability of £872,000.

Reserves Policy

The Academy's 'free reserves' are its funds after excluding restricted funds. Free Reserves are 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.

The reserves as at 31 August 2016 were as follows:

- Unrestricted (free) reserves of £404,824
- A restricted fixed asset fund of £3,666,740, which can only be realised through disposal of fixed assets
- A pension deficit of £872,000
- Other restricted funds of £515,780
- Total funds of £3,715,344

There is a £872,000 deficit in respect of the Local Government Pension Scheme. This will result in increased employers' pension contributions over a period of years. We have reflected the effect of increased pension costs in our future budgets. Increased pension contributions will be met from the academy trust's budgeted annual income, and whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund, or direct impact on the free reserves of the academy trust as a result of recognising the deficit.

Investment Policy

With respect to cash holdings, the Governors have adopted a low risk strategy.

Principal Risks and Uncertainties

As an Academy funded directly by the DfE funding streams are considered to be reasonably safe and secure. The risk mainly arises from changes in Government policy and funding levels. However the key risk is falling numbers. The Governors have a risk management strategy which is managed and reviewed on a regular basis.

The Academy maintains a risk register that is reviewed on a regular basis. The key risk to the Academy is financial.

The Academy has reasonable levels of reserves to ensure it is able to achieve its medium term goals, as well as to respond appropriately to any short term financial needs or incidents that may require unplanned expenditure (these are rare). Financial systems are in place to ensure that the Academy does not experience any cash flow issues and is able to meet its short term commitments.

Sound financial procedures and systems have been developed to ensure that the academy minimises the risk of fraud or errors in its financial systems. Audits are undertaken by external auditors and reported to governors to identify any weaknesses and recommend improvements to systems and processes. A full annual audit is undertaken with recommendations to governors.

FAREHAM ACADEMY

(A company limited by guarantee)

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

Plans for Future Periods

Governors and the Senior Leadership Team of the Academy meet annually to review the key objectives and the annual School Development Plan. The main development objectives for the next five year (2016-2021) in our strategy map are:

Fareham Academy STRATEGY MAP 2016 - 2021				
PERSPECTIVE	OBJECTIVES			
Strategy (vision)	We will intentionally achieve our published admission number (PAN).	We will exceed average National Attainment 8 expectations.	We will achieve an 'Outstanding' grading from Ofsted.	We will prepare our students to be active citizens, ready for the challenges and opportunities in their future.
Clients (Students, Parents, Community)	We will engage our parents in the progress of their children, ensuring the Academy's ethos is embraced	We will engage our community to use our facilities and contribute to the life of the Academy.	We will ensure our students feel safe, valued and self confident.	We will ensure all students, regardless of background, will access and achieve in all areas of Academy life
People (Staff, Governors)	We will provide exemplary professional development for our staff.	We will attract and engage high quality, specialist staff throughout the Academy.	Governors will effectively monitor, challenge and support the strategic development of the Academy.	We will promote constructive relationships between staff, governors, students and parents.
Infrastructure /Process /Finance	We will engage all staff in an effective performance management process.	We will ensure financial security for the future of the Academy	We will ensure assessment is effective at driving progress.	We will upgrade the buildings within the Academy to meet legislation, health and safety, and enhance our environment.

FAREHAM ACADEMY
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Funds held as custodian trustee on behalf of others

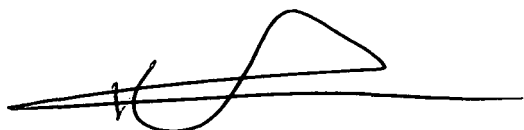
During the year, the Academy did not hold any funds as a custodian trustee on behalf of any charitable organisation.

Auditor

Insofar as the Governors are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware and
- The Governors 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.

The Governors' report, incorporating a strategic report, was approved by order of the governing body, as the company directors, on 15 December 2016 and signed on the board's behalf by:



.....
Mr K Childs
Chair of Governors

FAREHAM ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The 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 Fareham Academy 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 Governors' report and in the Statement of Governors' responsibilities. The board of trustees has formally met 9 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Governor	Meetings attended	Out of a possible
Mr K Childs, Chair	9	9
Mrs E Webb, Vice Chair	8	9
Mrs A Deasy, Head Teacher	8	9
Mr R Patel, Deputy Headteacher	9	9
Mr K Blackmore	6	9
Mrs E Baxter	9	9
Mr M Britton	1	2
Mrs G Carmichael	4	6
Mr M Cooper	5	9
Mr N Edwards	6	9
Mrs J Hawsworth	8	9
Mrs S Lowry	0	0
Miss V Marson	6	9
Mr S Mead	8	9
Mrs G Payne	9	9
Ms J Rogers	4	4
Mrs J Tucker	3	3
Mr M Wills	2	2

One of the key changes at the beginning of the year Mrs A Deasy joined the Board of Trustees as the Acting Headteacher and in March 2016 was appointed as the permanent Headteacher. Mrs A Deasy also took on the role of Accounting Officer from September 2015.

FAREHAM ACADEMY
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GOVERNANCE STATEMENT (continued)

Governance Reviews

A 'Governor retreat' was held on 4 and 5 September 2015, when the Board of Trustees carried out a self-evaluation exercise to assess their impact and effectiveness. From the findings a 'Governing Body Development Plan 2015/16' was put together including the following objectives:

1. To evaluate and develop the induction process for new governors developing individualised training plans for governors
2. To review how the governing body keeps parents informed.
3. To evaluate the impact of policies on the effectiveness of the Academy.
4. To consider the views of stakeholders and use these to inform the improvement planning process.
5. To review the information received from the school.
6. To develop a more robust monitoring process for school improvement priorities.
7. To ensure that budget plans meet the needs of strategic priorities and improvement plans.
8. To ensure the use of Pupil Premium is effective and overcoming barriers to learning.

The Board of Trustees have planned to carry out another self-evaluation exercise at their annual retreat on 30 September and 1 October 2016. From this a Governing Body Development Plan for 2016/17 will be developed.

The Resources Committee meets half-termly and is responsible for finance, audit, staff, site, safety and community. The committee carry out their delegated responsibilities in accordance with the terms of reference which are reviewed annually.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr K Childs (Chair)	6	6
Mrs E Webb	6	6
Mr S Mead	5	6
Mrs J Tucker	6	6
Mr K Blackmore	6	6
Mr M Wills	5	6
Mrs J Hawksworth	3	6
Mrs A Deasy	6	6
Mr R Patel	5	6
Mrs G Carmichael	1	4
Mrs E Baxter	1	2

<p style="text-align: center;">FAREHAM ACADEMY (A company limited by guarantee)</p>
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GOVERNANCE STATEMENT (continued)

The Achievement and Standards Committee meets half-termly and is responsible for the curriculum and for student attainment and progress. The committee carry out their delegated responsibilities in accordance with the terms of reference which are reviewed annually.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mrs J Hawksworth	2	5
Mrs E Webb	4	5
Mr S Mead	3	5
Mrs J Tucker	5	5
Mr K Blackmore	5	5
Mr M Wills (Chair)	5	5
Mrs A Deasy	5	5
Ms V Marson	2	5
Ms J Rogers	4	5
Mr M Britton	1	1
Mrs S Lowry	1	1
Mrs G Carmichael	4	5
Mr N Edwards	2	3

The Policy Committee meets termly and is responsible for monitoring and reviewing the Academy's policies. The committee carry out their delegated responsibilities in accordance with the terms of reference which are reviewed annually.

Attendance at the meeting in the year was as follows:

Governor	Meetings Attended	Out of a Possible
Mrs E Webb	3	3
Mr K Blackmore	2	3
Mr M Wills	2	3
Mr K Childs	3	3
Mrs J Hawksworth	1	3
Mrs A Deasy	3	3

REVIEW OF VALUE FOR MONEY

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

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

FAREHAM ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

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 Fareham Academy for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the Academy 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 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. A programme of internal checks is carried out by Governors who provide a report on the checks to the Resources Committee.

The 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:

- Payroll
- Purchasing
- Income
- Petty cash
- Charge card
- Accounting journals

The Resources Committee reports termly to the Full Governing Body on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. The schedule of work was completed as planned and no material control issues arose.

FAREHAM ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)


REVIEW OF EFFECTIVENESS

As Accounting Officer, 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:

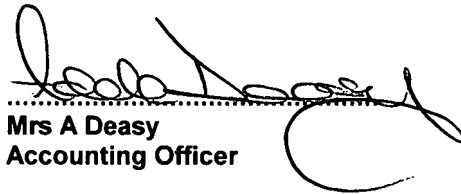
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources 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 15 December 2016 and signed on their behalf, by:



.....
Mr K Childs
Chair of Trustees



.....
Mrs A Deasy
Accounting Officer

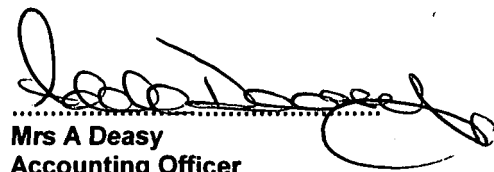
FAREHAM ACADEMY
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Fareham Academy 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 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.



Mrs A Deasy
Accounting Officer

Date: 15 December 2016

FAREHAM ACADEMY
(A company limited by guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Governors (who act as governors of Fareham Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Governors' 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 Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to:

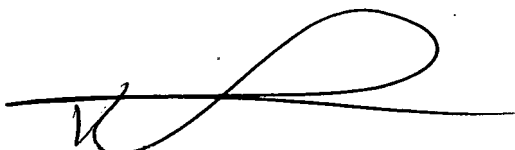
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

Approved by order of the members of the board of trustees on 15 December 2016 and signed on its behalf by:



.....
Mr K Childs
Chair of Governors

<p style="text-align: center;">FAREHAM ACADEMY (A company limited by guarantee)</p>
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
FAREHAM ACADEMY**

We have audited the financial statements of Fareham Academy for the year 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 Statement of Governors' responsibilities, 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 Governors; 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 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 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 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.

FAREHAM ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
FAREHAM ACADEMY**

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Governors' report, incorporating 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 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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Hopper Williams & Bell Limited

David Brookes FCA (Senior statutory auditor)
for and on behalf of

Hopper Williams & Bell Limited

Statutory Auditor

Highland House

Mayflower Close

Chandlers Ford

Eastleigh

Hampshire

SO53 4AR

Date:

15 December 2016

FAREHAM ACADEMY
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO FAREHAM
ACADEMY AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 16 September 2016 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 Fareham Academy during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF FAREHAM ACADEMY'S ACCOUNTING OFFICER AND THE
REPORTING AUDITORS**

The Accounting Officer is responsible, under the requirements of Fareham Academy's funding agreement with the Secretary of State for Education dated 1 September 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 year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

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

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

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

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

SUMMARY OF WORK UNDERTAKEN

We carried out the following:

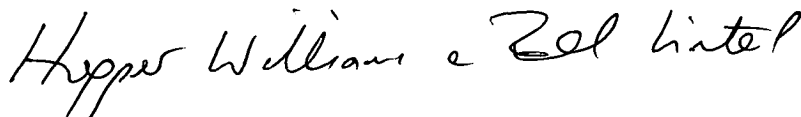
- planning of assurance procedures including identifying key risks;
- substantive testing including analytical review;
- concluding on procedures carried out.

Substantive testing included the following procedures:

- confirming that activities conform to the Academy's framework of authorities;
- considering the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance;
- evaluating the general control environment of the Academy;
- testing a sample of transactions to consider whether the transaction is permissible within the Academy's framework of authorities;
- confirming whether any extra-contractual payments have been made and whether appropriate authority was obtained;
- reviewing documentation for evidence of borrowing and confirming if approval was obtained from the EFA;
- confirming whether EFA approval was obtained for any disposals of assets;
- reviewing the internal control procedures relating to credit cards;
- reviewing for any indication of purchases for personal use by staff or officers;
- reviewing the list of suppliers to consider whether supplies are from related parties;
- considering whether income generating activities are permissible within the Academy's charitable objects;
- reviewing whether lettings to related parties are made at favourable rates.

CONCLUSION

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



David Brookes FCA (Senior statutory auditor)

for and on behalf of

Hopper Williams & Bell Limited

Statutory Auditor

Highland House

Mayflower Close

Chandlers Ford

Eastleigh

Hampshire

SO53 4AR

Date:

15 December 2016

FAREHAM ACADEMY
(A company limited by guarantee)

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

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	-	-	27,446	27,446	35,828
Charitable activities	3	-	3,641,015	-	3,641,015	3,763,084
Other trading activities	4	43,569	-	-	43,569	35,734
Investments	5	1,091	-	-	1,091	870
TOTAL INCOME		44,660	3,641,015	27,446	3,713,121	3,835,516
EXPENDITURE ON:						
Raising funds		-	-	-	-	988
Charitable activities		-	3,393,491	235,270	3,628,761	3,822,474
TOTAL EXPENDITURE	6	-	3,393,491	235,270	3,628,761	3,823,462
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
		44,660	247,524	(207,824)	84,360	12,054
Transfers between Funds	16	-	(15,042)	15,042	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		44,660	232,482	(192,782)	84,360	12,054
Actuarial gains/(losses) on defined benefit pension schemes	20	-	(495,000)	-	(495,000)	39,000
NET MOVEMENT IN FUNDS		44,660	(262,518)	(192,782)	(410,640)	51,054
RECONCILIATION OF FUNDS:						
Total funds brought forward		360,164	(93,702)	3,859,522	4,125,984	4,074,930
TOTAL FUNDS CARRIED FORWARD		404,824	(356,220)	3,666,740	3,715,344	4,125,984

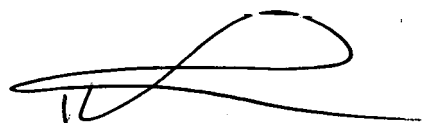
The notes on pages 27 to 47 form part of these financial statements.

FAREHAM ACADEMY
(A company limited by guarantee)
REGISTERED NUMBER: 08549807

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	2015 £
FIXED ASSETS				
Tangible assets	12		3,628,853	3,803,843
CURRENT ASSETS				
Stocks	13	28,963	-	-
Debtors	14	135,567	94,173	
Cash at bank and in hand		1,022,696	818,759	
		<u>1,187,226</u>	<u>912,932</u>	
CREDITORS: amounts falling due within one year	15	(228,735)	(237,791)	
NET CURRENT ASSETS			<u>958,491</u>	<u>675,141</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,587,344</u>	<u>4,478,984</u>
Defined benefit pension scheme liability	20	(872,000)	(872,000)	(353,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>3,715,344</u></u>	<u><u>4,125,984</u></u>
FUNDS OF THE ACADEMY				
Restricted income funds:				
Restricted income funds	16	515,780	259,298	
Restricted fixed asset funds	16	3,666,740	3,859,522	
Restricted income funds excluding pension liability		4,182,520	4,118,820	
Pension reserve		<u>(872,000)</u>	<u>(353,000)</u>	
Total restricted income funds		<u>3,310,520</u>	<u>3,765,820</u>	
Unrestricted income funds	16	404,824	360,164	
TOTAL FUNDS			<u><u>3,715,344</u></u>	<u><u>4,125,984</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 15 December 2016 and are signed on their behalf, by:



.....
Mr K Childs
Chair of Governors

The notes on pages 27 to 47 form part of these financial statements.

<p style="text-align: center;">FAREHAM ACADEMY (A company limited by guarantee)</p>
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	18	<u>264,217</u>	<u>216,530</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		<u>(60,280)</u>	<u>(162,954)</u>
Net cash used in investing activities		<u>(60,280)</u>	<u>(162,954)</u>
Change in cash and cash equivalents in the year		203,937	53,576
Cash and cash equivalents brought forward		<u>818,759</u>	<u>765,183</u>
Cash and cash equivalents carried forward	19	<u><u>1,022,696</u></u>	<u><u>818,759</u></u>

<p style="text-align: center;">FAREHAM ACADEMY (A company limited by guarantee)</p>
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

Fareham Academy constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Fareham Academy 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 Fareham Academy 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 Governors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 24.

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 Governors.

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.

FAREHAM ACADEMY
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

Grants are included in the Statement of financial activities 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.

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.

FAREHAM ACADEMY
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

The Governors 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 Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements..

1.6 Tangible fixed assets and depreciation

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

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

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:

Long-term leasehold property	-	50 years - straight line
Improvements to property	-	50 years - straight line
Motor vehicles	-	5 years - straight line
Fixtures and fittings	-	5 years - straight line
Computer equipment	-	3 years - straight line

1.7 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.

1.8 Stocks

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

1.9 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.

FAREHAM ACADEMY
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.10 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.

1.11 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.

1.12 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.

1.13 Liabilities and provisions

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

1.14 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.

<p style="text-align: center;">FAREHAM ACADEMY (A company limited by guarantee)</p>
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

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 20, 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

<p style="text-align: center;">FAREHAM ACADEMY (A company limited by guarantee)</p>
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR 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 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Capital grants	-	27,446	27,446	35,828

In 2015, of the total income from donations and capital grants, £ NIL was to unrestricted funds and £35,828 was to restricted funds

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	3,218,036	3,218,036	3,313,833
DfE/EFA other grants	-	188,390	188,390	214,542
	-	3,406,426	3,406,426	3,528,375
Other government grants				
Local authority grants	-	100,298	100,298	87,305
	-	100,298	100,298	87,305
Other funding				
Trip income	-	83,359	83,359	111,506
Other income	-	50,932	50,932	35,898
	-	134,291	134,291	147,404
	-	3,641,015	3,641,015	3,763,084

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £3,763,084 was to restricted funds.

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

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings income	42,201	-	42,201	35,306
Other income	1,368	-	1,368	428
	<u>43,569</u>	<u>-</u>	<u>43,569</u>	<u>35,734</u>

In 2015, of the total income from other trading activities, £35,734 was to unrestricted funds and £ NIL was to restricted funds.

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	1,091	-	1,091	870

In 2015, of the total investment income, £ 870 was to unrestricted funds and £ NIL was to restricted funds.

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

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Academy's educational operations:					
Direct costs	1,953,034	-	426,439	2,379,473	2,573,608
Support costs	485,062	308,175	456,051	1,249,288	1,249,854
	<u>2,438,096</u>	<u>308,175</u>	<u>882,490</u>	<u>3,628,761</u>	<u>3,823,462</u>

In 2016, of the total expenditure, £NIL (2015 - £NIL) was to unrestricted funds and £3,628,761 (2015 - £3,823,462) was to restricted funds.

7. ANALYSIS OF SUPPORT COSTS

	Educational operations £	Total 2016 £	Total 2015 £
Premises costs	308,175	308,175	333,820
Governance Costs	24,843	24,843	13,372
Other costs	195,938	195,938	244,664
Wages and salaries	360,685	360,685	329,830
National insurance	28,766	28,766	25,018
Pension cost	95,611	95,611	80,750
Depreciation	235,270	235,270	221,412
	<u>1,249,288</u>	<u>1,249,288</u>	<u>1,248,866</u>

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	235,270	221,412
Auditors' remuneration	6,915	6,875
Auditors' remuneration - non-audit	5,928	5,497
Operating lease rentals	<u>38,072</u>	<u>15,772</u>

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

9. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	1,956,095	2,074,658
Social security costs	156,896	146,801
Operating costs of defined benefit pension schemes	325,105	287,774
	<u>2,438,096</u>	<u>2,509,233</u>

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

	2016 No.	2015 No.
Teaching	38	44
Administration/support	39	43
Management	6	7
	<u>83</u>	<u>94</u>

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

	2016 No.	2015 No.
In the band £70,001 - £80,000	1	0
In the band £90,001 - £100,000	0	1

The above employee participated in the Teachers' Pension Scheme. During the period ended 31 August 2015 employer's pension contributions amounted to £11,763 (2015: £13,595).

The key management personnel of the academy trust comprises 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 £291,041 (2015: £425,766).

<p style="text-align: center;">FAREHAM ACADEMY (A company limited by guarantee)</p>
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

10. GOVERNORS' REMUNERATION AND EXPENSES

One or more Governors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Governors 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 Governors. The value of Governors' remuneration and other benefits was as follows:

		2016	2015
		£'000	£'000
Mrs N Powrie, Head Teacher	Remuneration	-	95-100
	Pension contributions paid	-	10-15
Mrs A Deasy, Head Teacher	Remuneration	70-75	65-70
	Pension contributions paid	10-15	10-15
R Patel, Staff Governor	Remuneration	55-60	55-60
	Pension contributions paid	5-10	5-10
S Lowry, Staff Governor	Remuneration	25-30	25-30
	Pension contributions paid	0-5	0-5
N Edwards, Staff Governor	Remuneration	40-45	45-50
	Pension contributions paid	5-10	5-10
Mrs G Payne	Remuneration	-	30-35
	Pension contributions paid	-	0-5

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

11. GOVERNORS' 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 £1,637 (2015 - £1,411).

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

12. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Leasehold improve- ments £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost						
At 1 September 2015	3,560,000	-	8,000	206,177	416,632	4,190,809
Additions	-	9,295	-	44,021	6,964	60,280
At 31 August 2016	3,560,000	9,295	8,000	250,198	423,596	4,251,089
Depreciation						
At 1 September 2015	91,640	-	3,200	67,041	225,085	386,966
Charge for the year	45,820	186	1,600	46,465	141,199	235,270
At 31 August 2016	137,460	186	4,800	113,506	366,284	622,236
Net book value						
At 31 August 2016	3,422,540	9,109	3,200	136,692	57,312	3,628,853
At 31 August 2015	3,468,360	-	4,800	139,136	191,547	3,803,843

Included in Long-term leasehold property is leasehold land at valuation of £1,269,000 which is not depreciated.

13. STOCKS

	2016 £	2015 £
Uniform	28,963	-

14. DEBTORS

	2016 £	2015 £
Trade debtors	8,432	7,969
Other debtors	16,621	44,295
Prepayments and accrued income	110,514	41,909
	135,567	94,173

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

15. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	90,672	132,689
Other taxation and social security	49,959	41,147
Other creditors	39,460	30,472
Accruals and deferred income	48,644	33,483
	<u>228,735</u>	<u>237,791</u>
	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	16,936	54,527
Resources deferred during the year	33,395	16,936
Amounts released from previous years	(16,936)	(54,527)
Deferred income at 31 August 2016	<u>33,395</u>	<u>16,936</u>

At the balance sheet date the academy was holding funds received in advance for trips booked for the 2016/17 financial year.

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

16. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Reserves	360,164	44,660	-	-	-	404,824
Restricted funds						
General Annual Grant (GAG)	259,298	3,218,036	(2,946,512)	(15,042)	-	515,780
Pupil premium	-	177,640	(177,640)	-	-	-
Other DfE/EFA grants	-	10,750	(10,750)	-	-	-
Local authority grants	-	100,298	(100,298)	-	-	-
Other educational activities	-	134,291	(134,291)	-	-	-
Pension reserve	(353,000)	-	(24,000)	-	(495,000)	(872,000)
	(93,702)	3,641,015	(3,393,491)	(15,042)	(495,000)	(356,220)
Restricted fixed asset funds						
Fixed asset fund	3,803,843	-	(235,270)	60,280	-	3,628,853
DfE/EFA capital grants - DFC	55,679	27,446	-	(45,238)	-	37,887
	3,859,522	27,446	(235,270)	15,042	-	3,666,740
Total restricted funds	3,765,820	3,668,461	(3,628,761)	-	(495,000)	3,310,520
Total of funds	4,125,984	3,713,121	(3,628,761)	-	(495,000)	3,715,344

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

16. STATEMENT OF FUNDS (continued)

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

General annual grant

This includes all funding received from the EFA to carry out the objectives of the academy. It includes the following funding streams:

- school budget share;
- minimum funding guarantee;
- education services grant;
- insurance;
- rates;
- pre-16 high need funding.

Pupil premium and other DfE/EFA grants

This is funding received from the EFA for specific purposes.

Local authority grants

This is funding received from the local authority for specific purposes, for example Special Educational Needs funding.

Other educational activities

This includes all other educational income/expenditure.

Pension reserve

This represents the negative reserve in respect of the liability on the LGPS pension scheme which was transferred to the academy on conversion.

Fixed asset fund

The fund includes the value of the tangible fixed assets of the academy on conversion, and amounts transferred from GAG or other restricted funds specifically for expenditure on tangible fixed assets, and the annual charges for depreciation of these assets.

DfE/EFA capital grants

This is money received from the DfE/EFA specifically for expenditure on tangible fixed assets.

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

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

17. 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	-	-	3,628,853	3,628,853	3,803,843
Current assets	404,824	744,515	37,887	1,187,226	912,932
Creditors due within one year	-	(228,735)	-	(228,735)	(237,791)
Pension reserve	-	(872,000)	-	(872,000)	(353,000)
	<u>404,824</u>	<u>(356,220)</u>	<u>3,666,740</u>	<u>3,715,344</u>	<u>4,125,984</u>

**18. 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)	84,360	12,054
Adjustment for:		
Depreciation charges	235,270	221,412
Increase in stocks	(28,963)	-
(Increase)/decrease in debtors	(41,394)	22,459
Decrease in creditors	(9,056)	(50,395)
Defined benefit pension scheme finance cost	24,000	11,000
Net cash provided by operating activities	<u>264,217</u>	<u>216,530</u>

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Notice deposits (less than 3 months)	1,022,696	818,759
Total	<u>1,022,696</u>	<u>818,759</u>

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

20. 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 Hampshire County Council. Both are Multi-employer defined benefit pension schemes.

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

Contributions amounting to £40,189 were payable to the schemes at 31 August 2016 (2015 - £34,838) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £229,494 (2015 - £207,024).

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

20. PENSION COMMITMENTS (continued)

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

Under the definitions set out in FRS 102, the TPS is 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

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 £105,000 (2015 - £87,000), of which employer's contributions totalled £80,000 (2015 - £67,000) and employees' contributions totalled £25,000 (2015 - £20,000). The agreed contribution rates for future years are 13.1% for employers and between 5.5% and 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.

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.80 %
Rate of increase in salaries	3.40 %	3.50 %
Rate of increase for pensions in payment / inflation	1.90 %	2.00 %

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	24.6	24.5
Females	26.4	26.3
Retiring in 20 years		
Males	26.7	26.6
Females	28.7	28.6

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

20. PENSION COMMITMENTS (continued)

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

	31 August 2016	31 August 2015 £
Equities	530,000	378,000
Debt instruments	262,000	181,000
Property	69,000	54,000
Cash	49,000	22,000
Other -	24,000	23,000
Other - user input	-	-
Total market value of assets	<u>934,000</u>	<u>658,000</u>

The actual return on scheme assets was £146,000 (2015 - £24,000).

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

	2016 £	2015 £
Current service cost	(92,000)	(79,000)
Interest cost	(39,000)	(35,000)
Expected return on assets	27,000	22,000
Total	<u>(104,000)</u>	<u>(92,000)</u>

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

	2016 £	2015 £
Opening defined benefit obligation	1,011,000	930,000
Interest cost	39,000	35,000
Contributions by employees	25,000	20,000
Interest cost	614,000	(51,000)
Current service cost	92,000	79,000
Benefits paid	25,000	(2,000)
Closing defined benefit obligation	<u>1,806,000</u>	<u>1,011,000</u>

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

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

	2016 £	2015 £
Opening fair value of scheme assets	658,000	549,000
Expected return on assets	27,000	36,000
Actuarial gains and (losses)	119,000	(12,000)
Contributions by employer	80,000	67,000
Contributions by employees	25,000	20,000
Benefits paid	25,000	(2,000)
	<u>934,000</u>	<u>658,000</u>
Closing fair value of scheme assets	<u>934,000</u>	<u>658,000</u>

21. 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	82,000	33,000
Between 1 and 5 years	167,000	75,000
After more than 5 years	1,000	1,000
	<u>250,000</u>	<u>109,000</u>
Total	<u>250,000</u>	<u>109,000</u>

22. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy's operations and the composition of the Governing Body 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.

The following related party transactions took place in the period of accounts:

Prestige Interiors - a business controlled by the spouse of A Lowe (Deputy Headteacher). The academy purchased decorating services totalling £3,467 (2015: £Nil) during the year. £725 (2015: £Nil) was outstanding at the year end.

<p style="text-align: center;">FAREHAM ACADEMY (A company limited by guarantee)</p>

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

23. MEMBERS' LIABILITY

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

24. 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.