

Emerson Park Academy

Annual Report and Financial Statements

Year ended 31 August 2016

Company Limited by Guarantee
Registration Number
07726858 (England and Wales)

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Reference and administrative information

Members	Mr Paul Connew Mr John Luff Mr Martin Tilbury
Directors	Mr John Luff (Chair of Directors) Mrs Victoria O'Connor (Vice Chair of Directors) Mr Mark Cornish Mrs Pamela Lee Mrs Sarah Meacher Mr Daryl Morgan Ms Carol Newton Mr Martin Tilbury Mr Scott McGuinness (Headteacher)
Senior Leadership Team	
Head Teacher	Scott McGuinness
Deputy Head	Kylie Blaize
Assistant Head	Ray Consterdine Christine Crawley Michelle Day Mark Hope
Business Manager	Joe Macguire Peter Wells
Registered address	Wych Elm Road Hornchurch Essex RM11 3AD
Company registration number	07726858 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Natwest Bank Plc 120 – 122 High Street Hornchurch RM12 3UL

Reference and administrative information

Solicitors	Bates, Wells and Braithwaite LLP 2 – 6 Cannon Street London EC4M 6YH
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Directors' report Year ended 31 August 2016

The Directors of Emerson Park Academy ('the Academy') present their statutory report together with the financial statements of the charitable company for the year to 31 August 2016. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 28 to 33 of the attached financial statements and comply with the Academy's Memorandum and Articles of Association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Emerson Park Academy 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 Directors act as the trustees for the charitable activities of Emerson Park Academy and are also the directors of the charitable company for the purposes of company law.

Details of the Directors who served throughout the year except as noted on page 4.

Members' liability

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

Directors' indemnities

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

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Directors

The Directors are trustees of the charitable company for the purposes of charity law. The following Directors were in office at 31 August 2016 and served throughout the period except where shown.

Director	Appointed/Resigned	
Mr John Luff (Chair of Directors)*		Member appointed Director
Mrs Victoria O'Connor* (Vice Chair of Directors)		Co-opted Director
Mr Paul Connew*	Resigned 10 December 2016	Co-opted Director
Mr Mark Cornish*		Parent Director
Mr Michael Gleeson*	Resigned 15 July 2016	Member appointed Director
Mrs Della Jones	Resigned 19 June 2016	Staff Director
Mrs Pamela Lee*		Member appointed Director
Mrs Sarah Meacher*	Appointed 8 December 2015	Parent Director
Mr Daryl Morgan	Appointed 6 December 2016	Member appointed Director
Ms Carol Newton*	Appointed 8 December 2015	Parent Director
Mr Robert Owen	Resigned 31 August 2016	Staff Director
Mr Martin Tilbury		Co-opted Director
Mr Scott McGuinness (Headteacher)*	Appointed 1 September 2016	Ex-Officio Director
Mr Kevin Walsh (Headteacher)*	Resigned 31 August 2016	Ex-Officio Director

*Member of the Functions Committee (formerly Finance and Revenue Committee)

Method of Recruitment and appointment or election of Directors

Emerson Park Academy was incorporated as a private limited company on 2 August 2011. The three founding members of the Academy Trust are Mr Martin Tilbury, Mr John Luff and Mr Paul Connew. A Board of up to 15 Directors are responsible for the Governance of the Academy. In accordance with the Memorandum and Articles of Association, Members may appoint up to three Directors. Up to six Parent Directors may be appointed following an election process of parents/guardians of existing students. Nominees for Parent Director must have a student currently on roll at the Academy. There are positions for up to three Co-Opted Directors who may be appointed by the Board themselves. There are two Staff Director Appointments, one teaching and one non-teaching member of staff may be nominated and appointed following an election process of the respective staff members. Mr Walsh as Head Teacher is also an ex-officio member of the Board.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Policies and procedures adopted for the induction and training of Directors

Newly appointed Directors will attend Induction courses run by the Local Authority Governing Body Support Unit. In addition, a Directors Handbook containing recent minutes, Academy Development Plan, latest Headteacher's Report, Committees list and recommendations of courses to attend is also made available in the Academy.

Organisational structure as at 1 September 2016

Organisational Structure as at 1 September 2016

Emerson Park Academy Trust Members			
Founding Members:	Mr P Connew	Mr J Luff	Mr M Tilbury
Board of Directors			
Parent Elected Directors	Mr Mark Cornish Mrs Sarah Meacher Mrs Carol Newton		
Co-Opted Directors	Mrs Victoria O'Connor Mr Paul Connew Mr Martin Tilbury		
Staff Directors	Mr Scott McGuinness	Head Teacher (ex-officio)	
Member Appointed Directors	Mrs Pamela Lee Mr J Luff		
COMMITTEES			
Functions Committee	Learning and Teaching Committee	Student Wellbeing Committee	
Mr M Cornish (Chair) Mr J Luff Mrs V O'Connor Mr P Connew Mrs P Lee Mr S McGuinness Mrs S Meacher Ms C Newton Mr M Tilbury	Mrs V O'Connor (Chair) Mrs S Meacher Mr J Luff Mrs P Lee Mr R Owen Mr M Tilbury Mr M Cornish Ms C Newton Mr S McGuinness	Mrs V O'Connor (Chair) Mrs S Meacher Mr J Luff Mrs P Lee Mr R Owen Mr M Tilbury Ms C Newton Mr S McGuinness	

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the Academy Trust comprise the Directors together with the Senior Leadership Team as listed on page 1. The Directors receive no remuneration in respect of their services as Directors and the arrangements for setting the remuneration of the Senior Leadership Team are as follows:

- ◆ Head Teacher – The Board of Directors assign a seven point Individual School Range (ISR) based on the Academy group size. The Head Teacher's objectives are set by the Board of Directors. The Board of Directors will assess the performance of the Head Teacher against the objectives set and determine the appropriate remuneration.
- ◆ Other Leadership Posts – The Board of Directors assign a five point range for all other leadership posts. The range for individual posts (Deputy Head Teacher, Assistant Head Teacher) will be determined according to the duties of the post. The Board of Directors ensure there is no overlap of pay points between the Head Teacher and other leadership posts. Objectives will be set by the Head Teacher and following an annual appraisal, the Head Teacher will make recommendations regarding remuneration to the Board for their approval.

Connected Organisations, including related party relationships

Emerson Park Academy currently works in partnership with:

Havering Sports Collective (HSC) – as one of two Sports Specialist Colleges Emerson Park Academy coordinates sports activities, working alongside Coopers' Company & Coborn School, across the borough of Havering for all participating primary and secondary schools.

Emerson Park is a fully active partner within the Havering Educational Partnership (HEP) and the Havering Teacher Training Partnership (HTTP).

OBJECTIVES AND ACTIVITIES

Principal activities

The Academy Trust's objects are specifically restricted to the following:

- (a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("the Academy").

Objectives and aims

We aim to support our pupils' educational growth in mind, body and spirit, to build upon their prior learning, develop their potential and prepare them for the future.

We encourage and challenge all of our students to be the best they can be and to make a positive contribution both in school and beyond.

OBJECTIVES AND ACTIVITIES (continued)

Objectives and aims (continued)

- ◆ We strive to offer the highest standards in teaching and learning, in order to maximise the achievements of all pupils.
- ◆ We aim to make learning interesting and enjoyable. Our curriculum aims to offer a broad balance of essential and wider experiences so that each child can find something they can enjoy and in which they can find success.
- ◆ We seek to develop enquiring minds, an appetite for knowledge and the attitudes, values and educational basis necessary for our young people to grow into useful members of society.

We believe that this is best achieved if those involved are happy and working in a friendly, safe and supportive environment which is ordered, calm and purposeful.

Objectives, strategies & activities

Staff selection and training is key to moving the academy towards its stated goal of being 'outstanding'. Emerson Park Academy has been awarded the CPD mark in recognition of excellent Continued Professional Development across all staff & governors.

Emerson Park Academy seeks to enhance learning and accelerate pupil progress by embedding robust targeting and tracking.

The development of innovative strategies and resources (including ICT) is constantly under review.

Public Benefit

The provision of education at Emerson Park Academy is for public benefit. The Directors have complied with their duty to have due regard to the guidance on public benefit, published by the Charity Commission, in exercising their power or duties.

STRATEGIC REPORT

Achievements and performance

Review of activities

Emerson Park Academy is judged to be a 'Good' school – Ofsted Nov. 2011. A further Section 8 OFSTED inspection carried out in September 2016 reaffirmed the current status to be 'Good'.

Gender	Year	NOC	Percentage of Pupils Achieving									QCA	
			3+ A*-A	5+ A*-C	5+ A*-G	1+ A*-G	Any Qual	5+ A*-C inc GCSE E&M	5+ A*-C inc L2 E&M	Ebacc	5+ A*-G inc L1 E&M	APS	Capped APS
All	2016	191	16.2	62.8	97.9	98.5	99.5	55.5	55.5	18.5	96.9	372.3	317.0
All	2015	193	15.0	68.9	97.4	100.0	100.0	60.1	60.1	13.5	97.4	373.2	319.9
All	2014	193	18.1	69.4	97.4	98.4	98.4	55.2	55.2	8.3	98.4	336.8	313.6
All	2013	189	23.3	95.8	99.5	99.5	99.5	70.0	70.0	18.0	99.5	542.4	357.7
All	2012	185	30.3	93.0	99.5	100.0	100.0	59.5	59.5	3.8	99.5	551.0	364.0

Boys	2016	108	13.9	55.6	96.3	99.1	99.1	50.0	50.0	15.0	95.4	361.1	309.6
Boys	2015	111	12.6	63.1	97.3	100.0	100.0	55.0	55.0	16.2	96.4	367.4	315.9
Boys	2014	118	16.9	68.6	97.5	98.3	98.3	53.4	53.4	6.8	98.3	337.0	313.0
Boys	2013	116	22.4	95.7	99.1	99.1	99.1	63.8	63.8	12.9	99.1	538.5	354.0
Boys	2012	106	29.2	90.6	99.1	100.0	100.0	57.5	57.5	3.8	99.1	523.1	357.2

Girls	2016	83	19.3	72.3	97.6	97.6	97.6	62.7	62.7	23.0	95.2	386.8	326.6
Girls	2015	82	18.3	76.8	97.6	100.0	100.0	67.1	67.1	9.8	96.3	381.2	325.1
Girls	2014	75	20.0	70.7	97.3	98.7	98.7	57.3	57.3	10.7	97.3	336.5	314.7
Girls	2013	73	24.7	95.9	100.0	100.0	100.0	79.5	79.5	26.0	100.0	548.8	363.5
Girls	2012	79	31.6	96.2	100.0	100.0	100.0	62.0	62.0	3.8	100.0	587.3	372.9

P.Prem.	2016	35	3.1	50.0	97.1	97.1	97.1	37.5	37.5	8.6	96.9	341.6	295.3
P.Prem.	2015	30	3.3	43.3	96.7	100.0	100.0	33.3	33.3	3.3	83.3	314.6	277.9
P.Prem.	2014	18	0.0	38.9	83.3	94.4	94.4	16.7	16.7	5.6	83.3	256.4	241.9

This year's GCSE results were down on last year but slightly above the level attained in 2014. The headline figure was significantly affected by a continuation of last year's downward trend in performance in Maths.

As Directors are aware, the accountability measures have changed but the 5A*-C including English and Maths is still valid this year as a measure of year on year performance.

Improvements on previous performance were seen in a reduction in the gap between the achievement of disadvantaged students and non-disadvantaged and in the continued improvement in the numbers of students achieving the Ebacc package.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Review of activities (continued)

The Academy was successful in applying for a Capital Improvement Fund grant from the Department for Education. This grant will help fund a project costing over £1million to fully refurbish the existing science laboratories and install fully integrated gas and electrical safety systems compliant to the latest health and safety standards. The newly refurbished laboratories are providing a first class teaching and learning environment for students and staff. The project includes the provision of a new boiler plant room which will supply heating and hot water to the newly refurbished laboratories as well as the adjacent art rooms and library. As part of this project, a student intervention room was created and two washroom facilities refurbished.

Other capital investment included the provision of a new teaching classroom for our students with Special Educational Needs and an adjacent office for our Head of Learning Support. In addition, we purchased a second new minibus to transport students to other venues for sporting fixtures and educational visits.

The Parents & Teachers Association continues to raise funds to contribute towards the upgrading of the Library.

Trips & visits

Last year the Academy provided a variety of trips and visits to enhance the experience of our students.

These included the following:

Day trips included visits to the NEC for their "Clothes Show" in connection with the Textiles GCSE course; Theatre trips by the English Faculty for Year 8 to Shakespeare's Globe Theatre and for GCSE support for the compulsory texts; various sporting events, including a staff and students team entering the "Race For Life" charity event in Basildon, plus visits to sporting events such as the National Netball Super league Finals at the Copperbox Arena.

Year 7 students enjoyed the annual "London Lights" trip over two evenings in December and Year 10 Geography GCSE students were able to experience two days of fieldwork in Epping Forest in June.

The Duke of Edinburgh group, made up of Year 10 students were again able to enjoy two weekend expeditions, firstly to Danbury and then further afield to Trimington on the North Norfolk Coast.

Other residential trips took place to Iceland in October (Geography), America in February (PE), Modern Foreign Languages study tours to France (April) and Spain (October), Sports Tours to Barcelona in April and Leicester in September and Berlin for History (July).

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Review of activities (continued)

Trips & visits (continued)

Finally, as part of the World War One Centenary celebrations we were invited to take part in the Battle of the Somme commemoration vigil at Westminster Abbey, which took place overnight on July 1st. This was a significant honour, with only a handful of schools invited from all corners of the UK. The students involved, together with Mrs Goodyear, said prayers and gave readings at the televised event, in the presence of HM the Queen, and represented the Academy creditably.

Sporting activities

PE and School Sport continues to grow at Emerson Park and we have had several individual and team successes over the last academic year.

Our Year 7 Rugby team were crowned Havering Champions at the finals in March with our Year 9 and Year 10 teams became runner-up after reaching their respective finals. Our Year 7 boys football team are also Havering Champions; the Year 8 team were Havering semi-finalists and Essex Cup quarter finalists. Our Year 9 team reached the Essex Cup semi-finals whilst our Year 10 team were Havering Cup winners, Essex Cup finalists and National Cup semi-finalists. Our girls teams also had success winning the U13 Essex Cup, U14 Havering League Cup finalists and U14 Essex Cup semi-finalists. In addition, the Year 10 girls Rounders team are Havering Champions and in Netball, the girls reached the Essex Plate finals and were 2nd place in the U16 London league.

Since creating a link with Essex Leopards 3 years ago, we have significantly increased the profile of Basketball at our school with our Year 9 team becoming Havering Champions and our year 7 and 10 teams reaching the semi-finals. We had success at Cricket too with our Year 7 team becoming Havering Champions and Year 9 and Year 10 teams reaching the semi-finals. We continue to excel in Badminton through our link with Badminton Eagles; Year 9 boys and Year 11 girls were both runners-up in the Borough.

In Athletics we continue to be one of the top three teams in the Borough. Focussing on individual successes, JJ Morris (Year 9) represented Havering at the Essex Championships and is now the Essex 200m champion. Michael Obafemi (Year 11) also represented Havering at these championships and became the County Triple Jump Champion. Yusuf Bizimana (Year 10) is the Essex 1500m Champion. Alexandra Adeniji represented Havering in the Shot Put and became the Essex Champion and also came second at the London Youth Games. Individual success in Tennis for Tommy Smith who became the Havering U14 Champion whilst Issy Taylor And Grace Woolley came third in the U16 doubles competition.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Review of activities (continued)

Sporting activities (continued)

We provide enrichment activities that reach out and appeal to our young people at Emerson Park including our Year 7 Teambuilding events held at the Academy again this year enabling our new students to get to know each other and build friendships that will last throughout their time at the Academy.

Our partnership with Coopers' Company & Coborn School in the form of the Havering Sports Collective has enabled us to deliver additional sports activities into 40 Primary and all 18 Secondary schools across Havering. This programme has been recognised both locally and nationally as outstanding in supporting young people in sport. Our facilities are also made available to the local community and in excess of 30 local clubs or groups benefit from them weekly.

Duke of Edinburgh Award Scheme

Emerson Park Academy is a licensed independent unit of the Duke of Edinburgh's Award Scheme managed by the staff at the Academy.

This year, 35 year 11 students received their awards in March at a Borough wide presentation.

In June and July, we took 35 year 10 students on summer expeditions to Danbury and Norfolk. The majority of these students have now completed their awards.

57 year 9 students have already registered an interest in joining the scheme in the coming year, this includes 10 disadvantaged students.

Key performance indicators

The following key performance indicators are considered by the Directors:

- ◆ Student gender analysis
- ◆ Payroll ratio
- ◆ Pupil attendance
- ◆ English Baccalaureate
- ◆ GCSE A*/A grades
- ◆ GCSE A* - C including English and Maths
- ◆ 3 levels of progress in English

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Key performance indicators (continued)

- ◆ 3 levels of progress in Maths
- ◆ Attainment 8
- ◆ Progress 8

Going concern

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

Financial review

Financial report for the year

The Academy's total income for the year to 31 August 2016 amounted to £6,555,273 (2015 – £6,185,890), including £5,017,592 related to the EFA revenue grant (2015 – £5,305,076).

The Academy held fund balances of £6,227,509 at 31 August 2016 which includes unrestricted funds of £311,385, of which £120,000 is held as a designated fund.

The results for the period are shown on page 25.

Reserves policy

As part of the transfer to academy status, the Directors are in a position to determine an appropriate level of free reserves (total funds less the amount held in tangible fixed assets, restricted funds and designated funds). The minimum level of free reserves to be held has been set at £180,000. The reason for this is to provide sufficient working capital to provide resources to deal with unexpected emergencies such as urgent maintenance and to cover delays between spending and receipts of grants. The School's free reserves at 31 August 2016 were £191,385, which is in line with the reserves policy..

The pension reserve, which represents the Academy's share of the Local Government Pension Scheme's (LGPS) assets and liabilities, is in deficit at £1,843,000 (2015 – £985,000) at 31 August 2016. The deficit is not expected to crystallise in the near future and any cash outflows arising from the deficit will occur over a number of years.

Investment policy

The Academy utilises a high interest bearing account for cash balances exceeding £10,000.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Directors identify, assess and mitigate risk both for the Academy and as a whole and its operations. A Risk Register is in place which is subject to regular review and made available to all staff. Key members of staff and Directors are involved in the preparation of the Risk Register. All members of staff are aware of the risk management policy and the controls in place to limit exposure to risk.

The principal risks the Academy faces are:

- ◆ **Funding** - reduced funding from the DfE for both general expenditure and capital maintenance is resulting in us consuming our 'reserves' in order to set our annual budget. There is very limited ability to improve the buildings and infrastructure to support the requirements of the changing curriculum. The Academy continues to vigorously pursue grant opportunities to assist in improving the poor condition of many areas of the school. However, the increased dependency on our reserves has resulted in all non-urgent repairs and improvements being curtailed.
- ◆ **Restructuring** - during 2016, the Academy undertook a major restructure of support staff posts in order to ensure the Academy did not go into deficit as a result of the reduced funding from the DfE. As a consequence, 12 support staff posts were deleted resulting in a number of staff redundancies. This has led to a significant increase in work pressure. Whilst redundancies are regrettable, the limited resources are being focused on the delivery of good quality teaching.
- ◆ **Staffing** – with the continuing financial pressure, recruiting and retaining high quality staff remains challenging, although the Academy was fully staffed at 31 August 2016.
- ◆ **General expenses** – whilst strict controls have been established to minimise controllable expenditure, inflation in addition to significant increase in utility costs are reducing funds available to deliver curriculum.
- ◆ **Health & Safety** – the health, safety and security of our students, staff and visitors is of paramount importance with some aspects being addressed through the recent refurbishment of the science laboratories. However, due to the continuing financial constraints, we are unable to address all other issues which have been identified.

FUTURE ACTIVITIES AND PLANS

The Board of Directors were pleased to announce the appointment of Mr Scott McGuinness as Headteacher from 1 September 2016, replacing Mr Kevin Walsh who retired after 7 years as Headteacher on 31 August 2016.

The Board of Directors approve the annual budget which is monitored by the Functions Committee to ensure it supports the requirements specified in the School Development Plan. The Academy will continue to pursue further grant opportunities to develop and improve the facilities provided to students. At present, consideration is being given to replacing the Humanities block which was built in the early 1960's. The block is suffering from significant fabric and condition issues which are costly and difficult to resolve.

FUTURE ACTIVITIES AND PLANS (continued)

The London Borough of Havering have agreed with the Board of Directors to increase our PAN (Pupil Admission Number) from 192 to 210 for the year 2016-17. Further discussions are ongoing to consider a further increase in PAN to 240 in future years. Increasing the number of students can only be achieved by additional capital investment to expand our current facilities.

The Board of Directors are also considering an option for Emerson Park Academy to join a Multi Academy Trust and is currently undertaking consultation with our stakeholders.

AUDITORS

In so far as the Directors are aware:

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

Trustees' report, including a strategic report, approved by order of the members of the Board of Directors on 4 January 2017 and signed on its behalf by:



Mr John Luff
Chair of Directors

Date: 4/1/2017

Scope of responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that the Emerson Park 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 Directors has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Academy and the Secretary of State for Education. The Headteacher is also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' report and in the statement of Directors' responsibilities. The Board of Directors has formally met 4 times during the period. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Number of meetings attended	Out of a possible
Mr P Connew	4	4
Mr M Cornish	3	4
Mr M Gleeson	3	3
Mrs D Jones	2	4
Mrs P Lee	2	4
Mr J Luff	3	4
Mrs S Meacher	2	3
Ms C Newton	3	3
Mrs V O'Connor	3	4
Mr R Owen	4	4
Mr M Tilbury	3	4
Mr K Walsh	4	4

Governance (continued)

The Functions Committee is a sub-committee of the main Board of Directors.

Attendance at meetings in the year was as follows:

Director	Number of meetings attended	Out of a possible
Mr P Connew	4	4
Mr M Cornish	4	4
Mr M Gleeson	3	4
Mrs P Lee	1	4
Mr J Luff	4	4
Mrs S Meacher	2	2
Ms C Newton	2	2
Mrs V O'Connor	3	4
Mr K Walsh	3	4

Governance Reviews

The committee structure, membership and Terms of Reference are reviewed at the first meeting of each Academic year. During the year, the Finance and Revenue, Facilities Management and Human Resources committees were amalgamated to form the Functions Committee.

Review of value for Money

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

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

During the year, a new cleaning services contractor was appointed in collaboration with two other local schools following a successful full EU tender process. This three year contract represents significant savings over the previous supplier whilst requiring the same standards to be met.

The introduction of the cashless operation has seen improvements in efficiency by eliminating the handling of large sums of cash.

The Academy has carried out a full review of our energy suppliers and selected new suppliers who will achieve savings over our current suppliers even taking into account the proposed increases to gas and electricity costs.

The purpose of the system of internal control

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

Capacity to handle risk

The Board of Directors 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 Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The risk and control framework

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

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors;
- ◆ regular reviews by the Finance and Revenue 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 Directors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the Directors have appointed Buzzacott LLP, the external auditor, to perform a range of compliance checks on the Academy's financial systems and procedures. The external auditor reports to the Directors annually on the operation of the system of control and on the discharge of the Board of Directors' financial responsibilities. The findings from the last visit resulted in some recommendations being made but none were deemed to be significant.


Review of effectiveness

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

- ◆ the work of the external auditor;
- ◆ the financial management and governance self assessment process;
- ◆ the work of the Senior Leadership Team within the Academy who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Revenue Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Directors and signed on their behalf by:



Mr John Luff
Chair of Directors



Mr Scott McGuinness
Headteacher and Accounting Officer

Approved on:

4/1/2017

Statement on regularity, propriety and compliance 31 August 2016

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

I confirm that I and the Academy Trust Board of Directors 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 directors and EFA.



Mr Scott McGuinness
Accounting Officer

Date: 04/01/17

Statement of directors' responsibilities 31 August 2016

The Directors (who act as governors of the Academy) are responsible for preparing the trustees' report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under company law, the Directors 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 Academy and of its income and expenditure for that period. In preparing these financial statements, the Directors are required to:

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2015 to 2016;;
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy's transactions and disclose with reasonable accuracy at any time the financial position of the Academy 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 Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that in its conduct and operation the Academy 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 Directors are responsible for the maintenance and integrity of the charity and financial information included on the Academy'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 Directors on 04/01/2017 and signed on its behalf by:


Chair of Directors

Date: 4/1/2017

Independent auditor's report on the financial statements to the Board of Directors of Emerson Park Academy

We have audited the financial statements of Emerson Park Academy for the year ended 31 August 2016 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

The Directors act as trustees for the charitable activities of Emerson Park Academy and are also the directors of the academy trust for the purpose of company law.

As explained more fully in the statement of Directors' responsibilities set out in the Directors' report, the Directors 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 (APB'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 trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report, including the strategic 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.

Independent auditor's report on the financial statements 31 August 2016

Opinion

In our opinion:

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

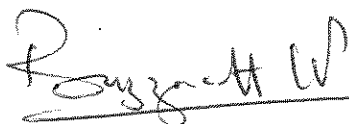
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- ♦ adequate accounting records have not been kept or 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 Directors' remuneration specified by law are not made; or
- ♦ we have not received all the information and explanations we require for our audit.



Avnish Savjani, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

9 January 2017

Independent reporting accountant's assurance report on regularity to Emerson Park Academy and the Education Funding Agency

In accordance with the terms of our engagement letter dated 30 July 2012 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 Emerson Park Academy during the year ended 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 Emerson Park Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Emerson Park 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 the Emerson Park Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Emerson Park Academy's accounting officer and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year ended 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 2014 to 2015 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.

Independent reporting accountant's report on regularity 31 August 2016

Approach (continued)

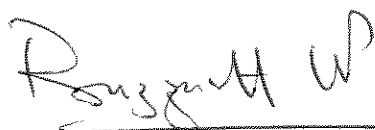
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

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



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

9 January 2017

Statement of financial activities Year ended 31 August 2016
(incorporating the income and expenditure account)

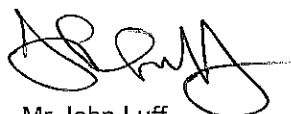
	Notes	Restricted funds			2016 Total funds £	2015 Total funds £
		Unrestricted funds £	General funds £	Fixed assets fund £		
Income from:						
Donations and capital grants	1	4,587	—	598,634	603,221	133,844
Charitable activities:						
· Funding for the Academy's educational operations	2	—	5,305,933	—	5,305,933	5,402,881
Other trading activities	3	643,083	—	—	643,083	645,685
Investments	4	3,036	—	—	3,036	3,480
Total income		650,706	5,305,933	598,634	6,555,273	6,185,890
Expenditure on:						
Charitable activities						
· Academy's educational operations	5	530,148	5,553,255	405,513	6,488,916	6,516,382
Total expenditure		530,148	5,553,255	405,513	6,488,916	6,516,382
Net income (expenditure)		120,558	(247,322)	193,121	66,357	(330,492)
Transfers between funds	14	(273,974)	191,322	82,652	—	—
		(153,416)	(56,000)	257,773	66,357	(330,492)
Other recognised losses						
Actuarial losses on defined benefit pension scheme	19	—	(802,000)	—	(802,000)	(37,000)
Net movement in funds		(153,416)	(858,000)	275,773	(735,643)	(367,492)
Reconciliation of funds						
Fund balances brought forward at 1 September 2015		464,801	(985,000)	7,483,351	6,963,152	7,330,644
Fund balances carried forward at 31 August 2016		311,385	(1,843,000)	7,759,124	6,227,509	6,963,152

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

Balance sheet 31 August 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible fixed assets	11		7,759,124		7,407,264
Current assets					
Debtors	12	447,790		154,341	
Cash at bank and in hand		309,121		713,183	
		<u>756,911</u>		<u>867,524</u>	
Liabilities					
Creditors: amounts falling due within one year	13	(445,526)		(326,636)	
Net current assets			<u>311,385</u>		<u>540,888</u>
Net assets excluding pension scheme liability			<u>8,070,509</u>		<u>7,948,152</u>
Defined benefit pension scheme liability	19		(1,843,000)		(985,000)
Total net assets			<u>6,227,509</u>		<u>6,963,152</u>
Funds of the academy trust					
Restricted funds					
Fixed assets fund	14		7,759,124		7,483,351
Pension reserve	14		(1,843,000)		(985,000)
Total restricted funds			<u>5,916,124</u>		<u>6,498,351</u>
Unrestricted income funds					
General fund	14		191,385		364,801
Designated funds	14		120,000		100,000
Total unrestricted funds			<u>311,385</u>		<u>464,801</u>
Total funds			<u>6,227,509</u>		<u>6,963,152</u>

The financial statements on pages 25 to 46 were approved by the Directors, and authorised for issue on 04/01/17 and are signed on their behalf by:



Mr John Luff
Chair of Directors
Emerson Park Academy
Company Limited by Guarantee
Registration Number: 07726858 (England and Wales)

Cash flow statement Year ended 31 August 2016

		2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	A	(429,208)	21,139
Cash flows from investing activities	B	25,146	28,935
Change in cash and cash equivalents in the year		(404,062)	50,074
Cash and cash equivalents at 1 September 2015		713,183	663,109
Cash and cash equivalents at 31 August 2016	C	309,121	713,183

A Reconciliation of expenditure to net cash flows from operating activities

	2016 £	2015 £
Net expenditure for the year (as per the statement of financial activities)	66,357	(330,492)
Adjusted for:		
Depreciation charges (note 11)	405,513	456,105
Capital grants from DfE and other capital income	598,634	(119,949)
Interest receivable (note 4)	(3,036)	(3,480)
Defined benefit pension scheme cost less contributions payable (note 19)	19,000	49,000
Defined benefit pension scheme finance cost (note 19)	37,000	33,000
Increase in debtors	(293,449)	(67,621)
Increase in creditors	(61,959)	4,576
Net cash (used in) provided by operating activities	(429,208)	21,139

B Cash flows from investing activities

	2016 £	2015 £
Dividends, interest and rents from investments	3,036	3,480
Purchase of tangible fixed assets	(576,524)	(94,494)
Capital grants from DfE/EFA	598,634	119,949
Net cash (used in) provided by investing activities	25,146	28,935

C Analysis of cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	309,121	713,183
Total cash and cash equivalents	309,121	713,183

Statement of 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.

Basis of preparation

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.

Emerson Park Academy meets the definition of a public benefit entity under FRS 102.

Transition to FRS 102

First time adoption of FRS 102

These financial statements are the first financial statements of Emerson Park 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 Emerson Park 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 Directors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Explanation of transition to FRS 102

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

Transition to FRS 102 (continued)

Explanation of transition to FRS 102 (continued)

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

A reconciliation and descriptions of the effect of the transition to FRS 102 and SORP 2015 on net (expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 is given below. The transition to FRS 102 did not affect the total funds of the Academy as stated under the previous UK GAAP; consequently, no reconciliation of total funds is required.

	2015 £
Reconciliation of net expenditure	
Net expenditure previously reported under UK GAAP	(306,492)
Change in recognition of LGPS interest cost (A)	(24,000)
Net expenditure reported under FRS 102	(330,492)

A – Change in recognition of LGPS interest cost

Under previous UK GAAP the academy trust recognised an expected return on defined benefit plan assets in expenditure. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenditure. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to interest expenditure by £24,000 and decrease the debit to other recognised gains and losses in the statement of financial activities by an equivalent amount.

Going concern

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

Income

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

Income (continued)

Grants

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

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

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

Donations

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

Other income

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

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.

Charitable activities

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

All resources expended are stated net of recoverable VAT.

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

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

Leasehold buildings	4% per annum
Leasehold additions	4% per annum
Furniture and equipment	33% per annum
Computer equipment	33% per annum
Motor vehicles	20% per annum

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

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

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Leased assets

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

Taxation

The Academy 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.

Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, 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 is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund Accounting

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

Designated funds comprise those resources which may be used towards meeting the charitable objectives of the academy trust, but which have been set aside out of the general funds and designated for specific purposes by the Directors.

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

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

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority, the London Borough of Havering.

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. This estimate also constitutes the key critical area of judgement by virtue of its significant effect on the financial statements.

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 25, 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.

Notes to the Financial Statements Year ended 31 August 2016

1 Donations and capital grants

	Unrestricted funds £	Restricted fixed assets funds £	2016 Total funds £	2015 Total funds £
Capital grants	—	598,634	598,634	119,949
Donations	4,587	—	4,587	13,895
	4,587	598,634	603,221	133,844

2 Funding for the Academy's educational operations

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
DfE / EFA grants				
General Annual Grant (GAG)	—	5,017,592	5,017,592	5,099,471
Other DfE / EFA grants	—	196,292	196,292	205,605
	—	5,213,884	5,213,884	5,305,076
Other Government grants				
Local authority grants	—	92,049	92,049	97,805
	—	92,049	92,049	97,805
	—	5,305,933	5,305,933	5,402,881

3 Other trading activities

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Hire of facilities/lettings income	81,101	—	81,101	86,654
Trip income	208,767	—	208,767	115,261
Catering income	291,416	—	291,416	259,394
Miscellaneous income	61,799	—	61,799	184,376
	643,083	—	643,083	645,685

4 Income from investments

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Interest receivable	3,036	—	3,036	3,480

Notes to the Financial Statements Year ended 31 August 2016

5 Expenditure

		Non pay expenditure			
	Staff costs £	Premises £	Other costs £	2016 Total funds £	2015 Total funds £
Academy's educational operations					
. Direct costs	4,014,146	326,531	636,810	4,977,487	5,019,934
. Allocated support costs (note 6)	560,630	320,939	629,860	1,511,429	1,472,448
	<u>4,574,776</u>	<u>647,470</u>	<u>1,266,670</u>	<u>6,488,916</u>	<u>6,492,382</u>
Net expenditure for the period includes:				2016 £	2015 £
Operating lease rentals				4,857	4,857
Depreciation				405,513	456,105
Fees payable to auditor for:					
. Statutory audit				8,000	8,000
. Other audit services				1,775	1,775
. Other non-audit services				6,640	4,525

6 Support costs

	2016 Total funds £	2015 Total funds £
Support staff costs	560,630	558,213
Depreciation	78,982	111,689
Catering	327,501	297,952
Premises costs	320,939	344,430
Other support costs	184,268	139,360
Governance costs	39,109	20,804
Total support costs	<u>1,511,429</u>	<u>1,472,448</u>

7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2015 between restricted and unrestricted funds:

	Restricted Funds			
	Un restricted funds £	General funds £	Fixed assets fund £	2015 Total funds £
Income from:				
Donations and capital grants	13,895	—	119,949	133,844
Charitable activities:				
. Funding for the Academy's educational operations	—	5,402,881	—	5,402,881
Other trading activities	645,685	—	—	645,685
Investments	3,480	—	—	3,480
Total	663,060	5,402,881	119,949	6,185,890
Expenditure on:				
Charitable activities				
. Academy's educational operations	456,609	5,603,668	456,105	6,516,382
Total	456,609	5,603,668	456,105	6,516,382
Net income (expenditure)	206,451	(200,787)	(336,156)	(330,492)
Transfers between funds	(166,445)	115,813	50,632	—
	40,006	(84,974)	(285,524)	(330,492)
Other recognised losses				
Actuarial losses on defined benefit pension scheme	—	(37,000)	—	(37,000)
Net movement in funds	40,006	(121,974)	(285,524)	(367,492)

Notes to the Financial Statements Year ended 31 August 2016

8 Staff

(a) Staff costs

Staff costs during the year were:

	2016 Total funds £	2015 Total funds £
Wages and salaries	3,271,021	3,521,367
Social security costs	281,928	277,846
Operating costs of defined benefit pension schemes	607,373	611,603
	4,160,322	4,410,816
Supply teacher costs	279,662	236,825
Staff restructuring costs	134,792	—
	4,574,776	4,647,641

	2016 £	2015 £
Staff restructuring costs comprise		
Redundancy payments	134,792	—
	134,792	—

(b) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2016 (on a headcount basis) was as follows:

	2016 No	2015 No
Charitable activities		
Teachers	54	54
Administration and support	44	54
Management	7	7
	105	115

(c) Higher paid staff

The number of employees whose emoluments, excluding employer's pension contributions, fell within the following bands was:

	2016 No	2015 No
£60,001 - £70,000	3	4
£90,001 - £100,000	1	1

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016 pension contributions for these staff amounted to £46,528 (2015 - £47,553).

8 Staff (continued)

(d) Key management personnel

The key management personnel of the academy trust comprise the Directors and the Senior Leadership 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 £491,771 (2015: £519,665).

9 Related party transactions – Directors’ remuneration and expenses

Principal and staff Directors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Directors. Other Directors did not receive any payments from the Academy in respect of their role as Directors. The value of Directors’ remuneration and other benefits was as follows:

	2016 £	2015 £
Kevin Walsh, Headmaster and trustee		
. Remuneration	90,001 – 95,000	90,001 – 95,000
. Employer’s pension contributions	15,001 – 20,000	10,001 – 15,000
Della Jones, Staff Director and trustee		
. Remuneration	15,001 – 20,000	15,001 – 20,000
. Employer’s pension contributions	1 – 5,000	1 – 5,000
Robert Owen, Staff Director and trustee		
. Remuneration	45,001 – 50,000	55,001 – 60,000
. Employer’s pension contributions	5,001 – 10,000	5,001 – 10,000

Other related party transactions involving the Directors are set out in note 25.

10 Directors’ and Officers’ insurance

The Academy has opted into the Department of Education’s Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects the Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business and provides cover up to £10,000,000. It is not possible to quantify the Directors and officers indemnity element from the overall cost of the RPA scheme.

11 Tangible fixed assets

	Leasehold land and buildings £	Assets under construct- ion £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total funds £
Cost/valuation						
At 1 September 2015	8,441,593	—	253,077	145,869	26,275	8,866,814
Additions	77,893	653,496	10,499	15,485	—	757,373
At 31 August 2016	8,519,486	356,496	263,576	161,354	26,275	9,624,187
Depreciation						
At 1 September 2015	1,149,780	—	193,470	101,835	14,465	1,459,550
Charge in year	340,881	—	30,825	28,552	5,255	405,513
At 31 August 2016	1,490,661	—	224,295	130,387	19,720	1,865,063
Net book value						
At 31 August 2016	7,028,825	653,496	39,281	30,967	6,555	7,759,124
At 1 September 2015	7,291,813	—	59,607	44,034	11,810	7,407,264

The land on which the Academy is sited is leased from The London Borough of Havering at a peppercorn rent over the term of 125 years from 1 September 2011. A valuation took place on 18 November 2011 by Hilbery Chaplin Chartered Surveyors using the depreciated replacement cost method. The building has been included in the financial statements at this value. The land that the Academy is built on is designated for educational purposes only and therefore has no open market value. It has therefore not been included in the financial statements.

12 Debtors

	2016 £	2015 £
VAT recoverable	108,001	10,751
Other debtors	—	45,135
Prepayments and accrued income	339,789	98,455
	447,790	154,341

13 Creditors: amounts falling due within one year

	2016 £	2015 £
Taxation and social security	156,500	157,960
Accruals and deferred income	289,026	168,676
	445,526	326,636
Deferred income		
Deferred income at 1 September 2014	80,918	81,262
Released during the year	(80,918)	(81,262)
Resources deferred in the year	70,149	80,918
Deferred income at 31 August 2015	70,149	80,918

Deferred income at 31 August 2016 relates to trip income of £33,619, grants received of £20,284 and other income of £16,246 in respect of the year ended 31 August 2017.

Notes to the Financial Statements Year ended 31 August 2016

14 Funds

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant (GAG)	—	5,017,592	(5,208,914)	191,322	—
Pupil Premium	—	163,924	(163,924)	—	—
Other grants	—	32,368	(32,368)	—	—
Pension reserve	(985,000)	—	(56,000)	(802,000)	(1,843,000)
	<u>(985,000)</u>	<u>5,213,884</u>	<u>(5,461,206)</u>	<u>(610,678)</u>	<u>(1,843,000)</u>
Restricted fixed asset funds					
DfE/EFA capital grants	382,770	598,634	(18,166)	—	963,238
Capital expenditure from GAG	435,581	—	(77,347)	82,652	440,886
Academy assets transferred from Local Authority on conversion	6,665,000	—	(310,000)	—	6,355,000
	<u>7,483,351</u>	<u>598,634</u>	<u>(405,513)</u>	<u>82,652</u>	<u>7,759,124</u>
Other restricted funds					
Local authority grants	—	92,049	(92,049)	—	—
	<u>—</u>	<u>92,049</u>	<u>(92,049)</u>	<u>—</u>	<u>—</u>
Total restricted funds	<u>6,498,351</u>	<u>5,904,567</u>	<u>(5,958,768)</u>	<u>(528,026)</u>	<u>5,916,124</u>
Unrestricted funds					
General funds	364,801	650,706	(530,148)	(293,974)	191,385
Designated funds	100,000	—	—	20,000	120,000
Total unrestricted funds	<u>464,801</u>	<u>650,706</u>	<u>(530,148)</u>	<u>(273,974)</u>	<u>311,385</u>
Total funds	<u>6,963,152</u>	<u>6,555,273</u>	<u>(6,488,916)</u>	<u>(802,000)</u>	<u>6,227,509</u>

Restricted general funds

General Annual Grant (GAG)

This fund comprises the general annual grant received under the funding agreement with the Secretary of State, which is restricted for use in funding the academy trust's educational operations.

Pupil premium

This fund represents funds granted by the Education Funding Agency which are specifically restricted to support pupils from low income families who are eligible for free school meals or have parents in the armed forces.

14 Funds (continued)

Restricted general funds (continued)

Other grants

This fund represents all other grants from the EFA which are restricted to funding the academy trust's educational activities.

Pension reserve

The LGPS deficit fund has been created to separately identify the pension deficit inherited from the local authority upon conversion to academy trust status. All pension scheme movements are recognised through this fund.

Restricted fixed asset funds

DfE/EFA capital grants

This fund represents resources which are to be applied for specific capital purposes imposed by the Department for Education or Education Funding Agency.

Capital expenditure from GAG

This fund represents the net book value of tangible fixed assets purchased from non-capital grants.

Academy assets transferred from Local Authority on conversion

This fund represents the net book value of tangible fixed assets inherited from the London Borough of Havering on conversion to academy status.

Other restricted funds

Local authority grants

These funds comprise all other restricted funds received and include grants from the Local Authority, the London Borough of Havering.

General funds

General funds

These funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the Directors.

Designated funds

The designated funds represent resources set aside by the directors for the replacement of the surface of the 3G sports pitch.

14 Funds (continued)

Transfers between funds

Transfers from the unrestricted general fund to other funds represent:

- ◆ Transfers of £82,652 to restricted fixed asset funds to meet capital expenditure funded via other reserve balances;
- ◆ Transfers of £191,322 to restricted general funds to meet the excess of expenditure over income on EFA funding; and
- ◆ The designation of an additional £20,000 towards the replacement of the surface of the 3G sports pitch.

15 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2016 £
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	7,759,124	7,759,124
Current assets	756,911	-	-	756,911
Current liabilities	(445,526)	-	-	(445,526)
Pension scheme liability	-	(1,843,000)	-	(1,843,000)
Total net assets	311,385	(1,843,000)	7,759,124	6,227,509

16 Capital commitments

	2016 £	2015 £
Contracted for but not provided in the financial statements	298,120	76,087

17 Commitments under operating leases

Operating leases

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

	2016 £	2015 £
Amounts due within one year	4,857	4,857
Amounts due between one and five years	360	5,217
	5,217	10,074

18 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.

19 Pension and similar obligations

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

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

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

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)

19 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme (continued)

- ◆ 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 £373,716 (2015: £344,000).

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

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

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £275,000, of which employer's contributions totalled £219,000 and employees' contributions totalled £56,000. The agreed contribution rates for future years are 24% for employers and 5.5% to 12.5% for employees.

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

19 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Principal Actuarial Assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.10%	3.50%
Rate of increase for pensions in payment / inflation	2.10%	2.60%
Discount rate for scheme liabilities	2.00%	3.70%
Commutation of pensions to lump sums		
. Pre-April 2008 service	50%	50%
. Post-April 2008 service	75%	75%

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

	At 31 August 2016 Years	At 31 August 2015 Years
<i>Retiring today</i>		
Males	22.1	22.1
Females	24.2	24.1
<i>Retiring in 20 years</i>		
Males	24.2	24.2
Females	26.7	26.7

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,481,000	976,000
Bonds	438,000	396,000
Property	104,000	76,000
Cash	63,000	76,000
Total market value of assets	2,086,000	1,524,000
Present value of scheme liabilities	(3,929,000)	(2,509,000)
Deficit in the scheme	(1,843,000)	(985,000)

The actual return on scheme assets was £240,000 (2015: £35,000).

19 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Amounts recognised in statement of financial activities	2016 £	2015 £
Current service costs (net of employee contributions)	247,000	268,000
Past service cost	54,000	—
Net interest cost	(37,000)	(33,000)
Total operating charge	264,000	235,000
Analysis of pension finance costs		
Expected return on pension scheme assets	62,000	50,000
Interest on pension liabilities	(99,000)	(83,000)
Pension finance costs	(37,000)	(33,000)

Changes in the present value of defined benefit obligations were as follows:	2016 £	2015 £
At 1 September 2015	2,509,000	2,092,000
Current service cost	247,000	268,000
Interest cost	99,000	83,000
Employee contributions	51,000	56,000
Actuarial loss	980,000	22,000
Benefits paid	(11,000)	(12,000)
Past service cost	54,000	—
At 31 August 2016	3,929,000	2,509,000

Changes in the fair value of the Academy's share of scheme assets:	2016 £	2015 £
At 1 September 2015	1,524,000	1,226,000
Interest income	62,000	50,000
Actuarial gain/(loss)	178,000	(15,000)
Employer contributions	282,000	219,000
Employee contributions	51,000	56,000
Benefits paid	(11,000)	(12,000)
At 31 August 2016	2,086,000	1,524,000

20 Related party transactions

No related party transactions took place during the period of account other than the Directors' remuneration disclosed in note 9.