

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Annual report and financial statements
for the year ended 31 August 2018

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

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Reference and administrative details
for the year ended 31 August 2018

Members

Mr C Gregory
Mr A Hunt
Mr P Irons
Mr A Ishaque
Mrs E Jackson
Mrs A Smart-Gosrani

Governors

Mr P Irons, Chair¹
Mrs E Jackson, Vice Chair
Mrs U Afzal
Dr S Ahmad
Mr S Battlemuch
Mr M Blatchly¹
Mr R Burnet
Mr W Davidson
Mr S Deadman-Corsie¹
Mr C Gregory¹
Mrs R Hudlin¹
Mr A Hunt¹
Mr A Ishaque
Mr N Jackson¹
Mrs T Rees (resigned 31 August 2018)¹
Mr L J Mead (appointed 1 January 2018)
Mrs K Shale
Ms A Smart-Gosrani
Mr A Young
Mr P A Burke (appointed 1 September 2018)

¹ members of the Strategic and Financial Planning Committee

Company registered number

07597390

Company name

The Fernwood Academy Trust

Principal and registered office

The Fernwood Academy Trust, Goodwood Road, Nottingham, Nottinghamshire, NG8 2FT

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**Reference and administrative details of the academy, its governors and advisers
for the year ended 31 August 2018**

Company secretary

Mr P Robinson

Senior management team

Mrs T Rees (Resigned 31 August 2018), Principal

Mr D Rowe, Senior Deputy Principal

Mrs J Eldridge, Deputy Principal

Mr K Mayle, Assistant Principal

Mrs M Morrill, Assistant Principal

Mrs A Cannon (Appointed 1 September 2017), Assistant Principal

Mr P A Burke (Appointed 1 September 2018), Principal

Independent auditors

Smith Cooper Audit Limited, 2 Lace Market Square, Nottingham, NG1 1PB

Bankers

Lloyds TSB, Old Market Square, Nottingham, Nottinghamshire, NG1 6FD

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Governors' report
for the year ended 31 August 2018

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2017 to 31 August 2018. The Annual report serves the purposes of both a Governors' report and a Directors' report under company law.

Structure, governance and management

a. CONSTITUTION

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Governors of The Fernwood Academy Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as The Fernwood Academy.

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

b. MEMBERS' LIABILITY

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

c. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

The Governors (other than associate governors) are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of the charity legislation.

The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Principal. Subject to eligibility any Governor may be reappointed or re-elected.

Details of the Governors who served throughout the year except as noted are included in the reference and administrative details on page 1.

During the period under review the Governing Body held 6 meetings.

The articles of association state that:

- The Trust can appoint 1 Governor,
- The Local Authority appoints 1 Governor,
- The governing body appoints 2 Partnership Governors and 5 Community Governors,
- 7 governors are elected Parent Governors,
- 3 governors are elected Staff Governors,
- 3 further co-opted governors can be appointed by the Governing Body,
- The Principal is an ex-officio Governor.

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Governors' report (continued)
for the year ended 31 August 2018

d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

The training and induction provided for new Governors will depend on their existing experience. In brief, appropriate training and support is provided to Governors throughout their membership in appropriate areas, for example, induction, or specific areas such as pupil discipline, finance, complaints and admissions. This programme is supplemented by structured Governor visits, including giving Governors a chance to meet staff and students and tour the school. All Governors are provided with copies of policies, procedures, minutes, accounts, budget and other documents that they will need to undertake their role as Governor.

e. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The pay policy does not discriminate between key management personnel and other teaching staff and is based on performance management in line with pupil progress and outcomes. The main parameters used for setting key management personnel salaries are national teacher pay and conditions guidance, job responsibilities and experience.

f. TRADE UNION FACILITY TIME

Relevant union officials

Number of employees who were relevant union officials during the year	3
Full-time equivalent employee number	3

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	3
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

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

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
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g. ORGANISATIONAL STRUCTURE

The Governing Body normally meets 6 times each year. The Governing Body establishes an overall framework for the governance of the academy and agrees membership of committees. It receives reports from its committees for approval. It monitors the activities of the committees through the minutes of their meetings. It also establishes the terms of reference for its committees.

The Governing Body is responsible for setting strategy and general policy, adopting an annual plan and budget, monitoring the academy's use of funds and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

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Governors' report (continued)
for the year ended 31 August 2018

The Principal has responsibility for the day to day management of the academy. The Principal is the accounting officer.

h. GOVERNORS' INDEMNITIES

During the period, an indemnity from the Charitable Company was available to the Governors against liabilities that might be incurred by them in defending proceedings against them in respect of the affairs of the Charitable Company. The indemnity is subject to the provisions of the Companies Act and is set out in the Articles of Association. The Trust has purchased Academies Risk Protection Arrangement (RPA) which covers Governors Liability Insurance with unlimited indemnity, the RPA also covers staff.

Objectives and Activities

a. OBJECTS AND AIMS

The principal object of The Fernwood 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 curriculum with a strong emphasis on care and discipline. In setting our objectives and planning our activities the Governors have given careful consideration to the charity commission's general guidance on public benefit.

In accordance with The Fernwood Academy Trust's funding agreement, arrangements are made to meet the conditions of grant on such matters as admissions, exclusions, arrangements for pupils with special educational needs (SEN) and the curriculum.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The Fernwood Academy Trust's main strategy is encompassed in its vision and ethos which is to ensure that the academy is one where everybody will achieve the highest standards. In particular we aim to:

- challenge every pupil to raise their aspirations and excel in academic achievements
- instil in pupils the values and characteristics necessary to become successful, confident and responsible members of society
- teach pupils the values of self-discipline, resilience and endeavour in order to become life-long learners
- prepare pupils to participate in and contribute to a society with ever changing scientific, technical and international needs.

c. ACTIVITIES FOR ACHIEVING OBJECTIVES

To this end, the activities that will be provided include those to:

- establish a broad, balanced and innovative curriculum which integrates theory, practice and has enterprise and 'learning by doing' at its core
- be relentlessly focused on developing the potential of all students, helping them learn for themselves and then support others
- foster creativity and initiative, encouraging everyone to aim for excellence in all they do
- build pride by valuing each and every individual and equipping them to take responsibility for their own actions
- provide a range of additional enrichment activities for every student beyond the normal academy day
- build strong partnerships with parents, carers, employers and the local community, with the academy becoming a centre of learning for the local community

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- work with a range of partners, including business, together with further and higher education to enhance the curriculum, provide work placements and to build strong employability skills
- recruit, retain and develop high quality, enterprising and open minded staff that are positive, cooperative and contributing members of the local community and make best use of existing and new staff expertise
- make extensive and innovative use of well-designed ICT to engage learners and improve teaching and administration.

d. PUBLIC BENEFIT

The Governors have given consideration to the guidance on public benefit published by the Charity Commission. The main public benefit delivered by The Fernwood Academy Trust is the maintenance and development of a quality education by the school. It is the Governors' aim to deliver outstanding learning to all its students during the journey of improvement towards excellence.

e. EQUAL OPPORTUNITIES POLICY

The Governors recognise that equal opportunities should be an integral part of good practice within the work place. The Fernwood Academy Trust aims to establish equal opportunities in all areas of its activities including the creation of a working environment in which the contribution and needs of all people are fully valued.

Strategic report

a. Achievements and performance

KEY PERFORMANCE INDICATORS

This is The Fernwood Academy Trust's seventh annual report since converting to academy status on 1st May 2011. During the reporting year the following achievements, developments, proposals and aspirations were secured, discussed and implemented:-

School Standards

- As reported in last year's report, 2017 GCSE results, although good, had dropped when compared to 2016 but in the context that results had dropped nationally. Governors received a further report later in the 2017/18 year when validated information became available which credited the school with a better Progress 8 figure than originally issued; + 0.2 rather than -0.12. The revised data also confirmed that the progress of disadvantaged pupils remained a concern and this issue remained a key school priority in 2017/18, together with maintaining the progress in maths outcomes, closing the gap between English and maths, improving the performance of students with low prior attainment on entry and improving results in modern foreign languages. At the time initial results were published it appeared that computer science results had dipped, however successful appeals about course work outcomes had removed those initial concerns. Teaching and learning strategies were applied to take account of these improvement priorities.
- Governors were provided with projected year 11 outcomes at the beginning of the 2018 summer term. This report explained that assumptions were made on the basis that most subjects would be examined in the new style GCSE, grade boundaries continued to be unclear and comparisons with previous years being impossible in the light of these changes. For these reasons teacher assessments were, therefore, made with caution. This report to Governors predicted a Progress 8 score of +0.1 and a Pupil Premium gap of -0.57, the latter figure markedly better than the 2017 outcome.

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- The table below provides a breakdown of this summer's results. In this connection it has to be borne in mind that Progress 8 itself cannot be calculated prior to the release of national coefficients rendering accurate prediction impossible. For now the school is using the 2017 coefficients. As these are likely to change caution must be applied in drawing accurate conclusions from the Progress 8 score at the foot of the table below. Minor adjustments may also occur due to remarks.

<u>Measure</u>	<u>2018 V1</u>
Number of Pupils at the end of KS4	201
Percentage of Pupils achieving a standard pass (4+) in English	81.09
Percentage of Pupils achieving a strong pass (5+) in English	70.15
Percentage of Pupils achieving a standard pass (4+) in mathematics	74.63
Percentage of Pupils achieving a strong pass (5+) in mathematics	56.72
Percentage of Pupils achieving a standard pass (4+) in English and maths	71
Percentage of Pupils achieving a strong pass (5+) in English and maths	55
Percentage of Pupils entered for English Baccalaureate	65.17
Percentage of Pupils achieving the English Baccalaureate at standard pass (4+)	38.81
Percentage of Pupils achieving the English Baccalaureate at strong pass (5+)	27.86
Average entries per pupil	8.73
Average Attainment 8 score per pupil	50.54
Estimated Progress 8 score	0.24

School Finances

- The Governing Body was pleased to receive a clean audit in 2017/18 with no significant findings identified by the external auditors. Internal audit reports in the period also found no significant issues.
- Termly reviews of both the in-year revenue budget and the projections of the medium term financial plan enabled the Governing Body to continue its focus in maintaining the Academy's financial position due to continuing pressure on the school budget.
- The prudent financial discipline adopted in previous years informed the termly reviews referred to above and ensured that Governors continued to carry out their strategic financial monitoring role in an effective manner.
- The financial planning referred to above enabled the Governing Body to set a balanced budget for 2018/19, with a projected surplus of £989,000 at year-end and with any deficit position now being deferred to 2021/22. This is a position attributable to the continual review and planning referred to in previous paragraphs. In setting the budget, it was noted that reserves from the previous year had been used, thus highlighting the need to continue to review all expenditure in the year ahead.
- There was a renewed focus on risk in the year with in-depth consideration of the content of the Risk Register being undertaken by the Finance Committee on a termly basis. Specific issues considered were the maintenance of an Outstanding Ofsted judgement, the position of the school as a single converter Academy, succession planning for staff, the impact of GDPR and the health and safety issues associated with an ageing school site and adjustments were made to the Register where it was deemed to be necessary.
- In last year's report the External Auditors drew attention to the requirement for all EFSA letters to Academy Chief Financial Officers to be formally reported to the Governing Body and 2 such letters received were so reported in the year.

School Staffing

- The principal staffing decision taken in the reporting period was to appoint a new Head Teacher to replace Mrs Rees who retired from her post on 31st August 2018. A robust process was undertaken, professionally supported by external consultants (ASCL), which attracted a strong field of candidates, both in quantitative and qualitative terms. Mr Paul Burke, previously Vice-Principal at the Christ The King Academy in Nottingham, was appointed and took up post on 1st September 2018.

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- Outcomes from teachers' performance appraisal in 2016/17 were considered by the Governing Body in the autumn term having regard to targets set for the preceding year in accordance with the Fernwood process and, in appropriate cases, salary progression was approved with effect from 1st September 2017. The Head Teacher's appraisal for 2016/17 was carried out by the Chair and Vice-Chair of Governors and reported to the full Governing Body.
- Both for financial and professional teaching reasons staffing at all levels was kept under constant review. Where staff left then consideration continued to be given as to whether arrangements could be streamlined without detriment to teaching and learning or operational requirements.
- The school continued to be seen as an attractive place to work as evidenced by the fact that good appointments continued to be made to replace teachers that had left the school. A process supported by Governors.

Admissions/Attendance/Exclusions

- The Governing Body continues to operate as an Own Admissions Authority, adhering to the 2014 School Admissions Code. The Academy continues to be popular and heavily over-subscribed with applications for its 210 places for year 7 intake in September 2018 (579 for intake in 2018/19, broadly similar to the figures for 2017/18). The local pressure for in-catchment places remained a feature, as at the time of ranking applications, some 38 in-catchment requests could not be offered and no places could be offered to children attending a feeder school or having a sibling at the school and attending a feeder school. Admissions for 2018/19 were ranked in accordance with the Academy's approved admissions arrangements and the Code referred to above. Further internal rigour continues to be added to the process in checking applications. This applies also to in-year applications which the Trust continues to administer internally. Any appeals against admission decisions are processed in accordance with the 2012 School Admissions Appeals Code and the Trust contracts with Nottinghamshire County Council who provide a Clerked Appeals Service.
- In the light of the school expansion (referred to in the buildings section of the report below) the school PAN for intake will increase to 300 with effect from September 2020 which should deal to a large extent with the local pressure for places.
- Attendance rates were reported to the Governing Body on a termly basis and such figures were regularly above national averages. Persistent absence rates (that is, where attendance falls below 90%) were well below national figures in 2016/17. Whilst no information is yet available to compare 2017/18 figures with the national picture, the school is aware that the persistent absence of Pupil Premium pupils is very low.
- Information on internal and fixed term exclusions is also presented to the Governing Body on a termly basis. In the reporting period one permanent exclusion was issued and the decision of the Governing Body to uphold the Head Teacher's decision was referred to an independent review panel. The independent panel upheld the Governing Body's decision and procedures in this case.

Buildings

- Previous Annual Reports had indicated that bids had been made to expand the school to respond to the rising school rolls in the local area, which had been unsuccessful. A further bid was made this year, with Local Authority support, to expand the school by 3 forms of entry, providing new classrooms, new changing rooms and replacing the old gym and hall with a multi-purpose hall. The £4m project would see the number of school places increase from 1050 to 1500 from September 2020. The Governing Body was pleased to receive confirmation that the bid was successful this time.
- In the light of this decision regular reports were made to the Governing Body during the year providing updates on the appointment of architects and contractors and approving preliminary expenditure where this was necessary. This process culminated in a report to a special meeting of the Governing Body in June 2018 when, following the consultation exercise undertaken on the proposal, formal approval was given to commence the project and that the necessary planning consents be sought.
- Current plans indicate that work on site will commence in November 2018 with a projected completion date of Christmas 2019.

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Governors' report (continued)
for the year ended 31 August 2018

Governance

- Previous Annual Reports have confirmed the strong view of the Governing Body that its status as a single converter Academy should continue. The Governing Body was pleased, therefore, to be advised during the year that there would be no external pressure placed on it to create or join a Multi-Academy Trust whilst school data remained as it currently was. Notwithstanding this position, the Governing Body will continue to maintain a watching brief on any national and local developments in this respect.
- In last year's Report, external auditors recommended that the Governing Body carry out a review of the effectiveness of governance arrangements. This exercise was undertaken as part of the consideration of the school self-evaluation form (SEF) which Governors were fully engaged with. Based on this consideration, and informed by well documented evidence, governance was assessed as outstanding. In terms of the overall SEF judgement, a draft view of outstanding was judged to be appropriate (based on criteria in the current inspection framework and the evidence held in school) even though there were some issues with regard to outcomes for children in terms of some progress data and the progress of some groups. These aspects were noted by the Governing Body and the final SEF would be presented to the Governing Body in the 2018 autumn term.
- The Governing Body continues to operate as a strong corporate body with membership remaining stable during the year.
- The Governing Body continues to feel that it is well led by its Chair who maintains a good working relationship with senior leadership at the school, holds regular business meetings with the Head and makes regular visits to the school to observe teaching and behaviour. Governor challenge in holding the Head Teacher to account is carried out in meetings and recorded in minutes. The impact of decisions taken by Governors is measured through reports back to Governors on the effect of such actions; examples in the year being the impact of mixed attainment maths teaching and the current arrangements with the school PTA.

Miscellaneous

- In the year the Governing Body received a number of reports on preparations for the introduction of the General Data Protection Regulation (GDPR). As the year progressed this involved changes to internal systems, appointments to the necessary GDPR associated posts, revisions to policy documents and statements and also making the necessary financial provision to move towards GDPR compliance.
- The practice of providing more information to Governors through presentations to enable them to carry out their core duties more effectively continued. During the year the following major presentations were made:
 - The benefits of mixed attainment maths teaching (referencing the earlier comments in the standards and governance sections of this report)
 - The teaching and learning strategies employed to support the attainment and progress of disadvantaged pupils (in furtherance of the school improvement priority in this respect)
 - Predictions for 2018 year 11 outcomes and the interventions put in place to support pupils.

b. INVESTMENT POLICY AND PERFORMANCE

The academy operates an investment policy that seeks to maximise returns, commensurate with a very low risk profile.

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Governors' report (continued)
for the year ended 31 August 2018

Financial review

a. GOING CONCERN

After making appropriate enquiries, the governing body has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

b. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Given the nature of the academy's operations and financing, the financial risks faced by the academy are limited. The academy manages such risks by ensuring an adequate level of reserves is maintained to deal with unexpected events. The academy also carefully monitors and manages cash flow through the year including working capital requirements.

A liability of £2.1m is shown in the academy balance sheet in respect of the local government pension scheme. The academy does not expect to have to fund the deficit other than in the normal course of making contributions to the pension fund. The risk to the academy is that if the deficit increases so too will the amount of pension contributions the academy is required to make. However this risk may be mitigated by any future proposed reform of the pension scheme. The academy maintains a three year financial plan, which considers various funding scenarios and how these can be managed and planned for. The academy's risk management policy requires the governors to assess the major risks to which the trust will be exposed and consider how the risks can be managed and mitigated.

c. PRINCIPAL RISKS AND UNCERTAINTIES

Capital works

The academy requires large amounts of building and maintenance work, due to the buildings that house the academy being old and, in some cases, quite frail. It is difficult to assess what health and safety issues will emerge throughout the year and cost can build up. The building/maintenance work is continuous and can lead to disruption of pupils and staff. These risks are managed through the academy holding a large reserve and timing building/maintenance works to be scheduled for completion out of school hours and during the holidays where practical.

Funding

The Department for Education (DfE) is working towards a national funding formula for schools and has also introduced the Education Services Grant, these changes guarantee the academy will lose at a minimum 1.5% funding per pupil per annum over the medium term. The academy is mitigating this risk by holding a healthy reserve which will support the academy as the funding reduces.

Child protection and welfare issues

This is managed through having clear child protection and health and safety policies; Adherence to statutory recruitment procedures including CRB checks; child protection training for all staff; conducting external child protection and health and safety audits and implementing any recommendations. The academy employs a dedicated child protection officer and retains the services of a strategic health and safety advisor.

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Governors' report (continued)
for the year ended 31 August 2018

d. RESERVES POLICY

The academy held total reserves of £9,357,691 including £10,034,843 in fixed asset reserves.

A deficit of £1,256,280 has arisen on the General Restricted Fund. This is due to the deficit of £2,100,000 on the Local Government Pension Scheme ("LGPS") which is allocated to this fund. The LGPS liability will not crystallise immediately and, as a consequence, any following commentary with regard to the Restricted General Fund excludes the LGPS deficit.

The governors have set a reserves policy as follows:

- Maintain £300,000 in reserves in order to cover any unexpected urgent expenditure requirements
- Maintain sufficient reserves to cover the cost of replacing the academy's existing ICT equipment and buildings when they come to the end of their useful life.

The reserves policy excludes fixed asset reserves. It also excludes any deficit in respect of the pension liability. Balances as at 31 August 2018 exceeded those required to be held under the reserves policy.

Fundraising

The academy holds Wear What You Like Days to raise funds. The funds are for both internal and external projects, external fundraising has been undertaken for projects such as UNICEF. The academy also held a Coffee Morning which raised funds for Macmillan. All participation by staff, pupils and parents is completely voluntary. The academy does not work with any commercial participators.

Plans for future periods

a. FUTURE DEVELOPMENTS

In accordance with the aims and objectives of The Fernwood Academy Trust, the academy will continue to sharply focus on, and drive, improvements in the levels of performance of its students at all levels and will continue to ensure that all students progress to further and higher education.

The academy will continue to develop outstanding teaching and learning as identified by "Ofsted" April 2012 by attracting, recruiting and developing outstanding teachers and leaders. This will be achieved by further developing the school's professional development road map.

The academy will push boundaries in relation to curriculum innovation. In particular it seeks to focus on the use of new technology to expand the areas of science, engineering, maths and computing.

The specific focus for 2018-19:

- Continue to improve outcomes for all students with a particular focus on narrowing the gap in achievement between advantaged and disadvantaged students
- Further enhance provision for, and the achievement of students who enter the school below L4 in mathematics and reading and for those students who have special educational needs and/or disabilities
- Use the funding secured from the ESFA and Local Authority to expand the existing school estate to accommodate the increase in pupil numbers in the catchment area
- Continue to develop the school curriculum in light of government changes to the National Curriculum and external examinations
- Strengthen partnership work with other schools, Bilborough College, LEAD and Nottingham Universities
- Continue to improve the fabric and condition of the building and addressing any urgent Health and Safety concerns.

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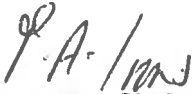
Governors' report (continued)
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DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Governors are aware:

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

The Governors' report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 5/12/18 and signed on its behalf by:



Mr P Irons, Chair
Chair of the Governing Body



Mr P A Burke, Principal
Accounting Officer

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Governance Statement

SCOPE OF RESPONSIBILITY

As Governors, we acknowledge we have overall responsibility for ensuring that The Fernwood Academy Trust 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 Governors has delegated the day-to-day responsibility to the Principal, 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 Fernwood Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors 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 Governors has formally met 9 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
Mr P Irons, Chair	9	9
Mrs E Jackson, Vice Chair	4	9
Mrs U Afzal	9	9
Dr S Ahmad	7	9
Mr S Battlemuch	1	9
Mr M Blatchly	8	9
Mr R Burnet	7	9
Mr W Davidson	8	9
Mr S Deadman-Corsie	8	9
Mr C Gregory	7	9
Mrs R Hudlin	7	9
Mr A Hunt	8	9
Mr A Ishaque	8	9
Mr N Jackson	8	9
Mrs T Rees	7	9
Mr L J Mead	5	7
Mrs K Shale	9	9
Ms A Smart-Gosrani	9	9
Mr A Young	5	9

The Strategic and Financial Planning Committee is a sub-committee of the main Board of Governors. Part of its remit is to consider all financial management, internal control and budgeting matters and advise the Governing Body on appropriate courses of actions in relation to these matters.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr P Irons	2	3
Mr S Deadman-Corsie	2	3
Mr C Gregory	2	3
Mrs R Hudlin	3	3
Mr A Hunt, Chair of Finance	3	3
Mr N Jackson	3	3
Mrs T Rees, Principal	3	3
Mr M Blatchly	2	3

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Governance Statement (continued)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Principal 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 Governors 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:

- Regularly reviewing the functions of the academy and challenging how and why services are provided and setting targets and performance indicators for improvement.
- Monitoring outcomes and comparing performance with similar academies.
- Consulting appropriate stakeholders before major decisions are made; and prompting fair competition through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way.

Value for money examples:

- During the year the Trust made savings through an internal appointment to a Senior Leadership role with no further recruitment to replace the appointee's previous role.
- Since January 2013 the Trust has outsourced its finance function to SAAF Education Ltd, this is reviewed annually to ensure continued best value.
- The Trust introduced email communication for parents, supporting ongoing efficiencies.

The Trust is committed to continued best value for money practice and will be reviewing the following areas in future periods:

- Ongoing review of the curriculum and its delivery
- Ongoing review of back office systems
- Ongoing review of facilities management

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 The Fernwood Academy Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Governors 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 Governors 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Governance Statement (continued)

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 Governors;
- regular reviews by the Strategic and Financial Planning 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 Governors has considered the need for a specific internal audit function and has decided to appoint Hobsons (Chartered Accountants) as internal auditor.

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

- testing of purchase systems
- testing of payroll systems
- testing of control account/bank reconciliations
- testing capital contracts
- testing of income transactions

On an annual basis, the internal auditor reports to the Board of Governors through the audit committee on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

The Board of Governors confirm that the internal auditor has delivered their schedule of work as planned.

REVIEW OF EFFECTIVENESS

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

- the work of the internal auditor;
- the work of the external auditors;
- 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 Strategic and Financial Planning 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 Governors on 5/12/18 and signed on their behalf, by:



Mr P Irons, Chair
Chair of the Governing Body



Mr P A Burke, Principal
Accounting Officer

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of The Fernwood Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

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 2017.

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



Mr P A Burke
Accounting Officer

Date: - 5/12/17

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Statement of Governors' responsibilities
for the year ended 31 August 2018

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

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

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

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

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

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

Approved by order of the members of the Board of Governors on 5/12/18 and signed on its behalf by:



Mr P Irons, Chair
Chair of the Governing Body

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Independent auditors' report on the financial statements to the members of The Fernwood Academy Trust

OPINION

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

In our opinion the financial statements:

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

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Independent auditors' report on the financial statements to the members of The Fernwood Academy Trust

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of 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, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Independent auditors' report on the financial statements to the members of The Fernwood Academy Trust

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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

Sarah Flear Audit limited

Sarah Flear (Senior statutory auditor)

for and on behalf of

Smith Cooper Audit Limited

Chartered Accountants and Statutory Auditors

2 Lace Market Square

Nottingham

NG1 1PB

Date: *11/2/17*

THE FERNWOOD ACADEMY TRUST

(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to The Fernwood Academy Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 8 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Fernwood Academy Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF THE FERNWOOD ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of The Fernwood Academy Trust's funding agreement with the Secretary of State for Education dated 6 April 2011, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- a review of the outcome of the 2017 regularity audit
- a review of the evidence used to support the Accounting Officer's conclusions on the Regularity Statement
- a review of the adequacy of the work of the internal auditors and the adequacy of the program of work
- a review of the reports prepared by the internal auditors during the year ended 31 August 2018
- a review of the internal control environment and whether the environment has regard to regularity of transactions. Consideration to significant changes in the control environment and whether this has led to potential weaknesses
- confirmation through enquiry and sample testing that gifts and hospitality are given and received in line with the Academy Trust's policies

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to The Fernwood Academy Trust and the Education & Skills Funding Agency (continued)

- confirmation through enquiry and sample testing that the use of expense claims or credit cards and petty cash adheres to internal control principles and that items are not for personal benefit
- confirmation through enquiry and sample testing that expenditure does not contravene the funding agreement
- confirmation through enquiry and sample testing that the lines of delegation and limits set both internally and by the EFA have been adhered to
- consideration to procurement and tendering procedures ensuring these have been correctly adhered to and administered
- consideration to the compliance of the Academy's delegated authorities over financial transactions and evidence of prior approval from the Secretary of State where applicable
- a review of declarations of business interests for all governors/directors and key staff
- a review of transactions with connected parties ensuring these have been completed following correct procurement and tendering procedures
- a review of meeting minutes of the various committees particularly in relation to procedures surrounding executive pay and sharing of ESFA letters
- consideration as to the appropriateness of any alcohol or excessive gift purchases
- consideration as to whether there has been an appropriate, reasonable and timely response to any recommendations by auditors.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Smith Cooper Audit Limited

Smith Cooper Audit Limited
Chartered Accountants
2 Lace Market Square
Nottingham
NG1 1PB

Date: 17/12/18

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

**Statement of financial activities (incorporating the income and expenditure account)
for the year ended 31 August 2018**

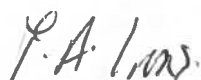
	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
INCOME FROM:					
Donations and capital grants	2	-	1	179	180
Funding for the academy trust's educational operations	3	62	5,675	-	5,737
Other trading activities	4	230	27	-	257
Investments	5	1	-	-	1
Other income	6	-	-	-	3
TOTAL INCOME	293	5,703	179	6,175	6,013
EXPENDITURE ON:					
Raising funds	8	251	-	-	223
Academy trust educational operations	7	-	5,760	288	5,993
TOTAL EXPENDITURE	8	251	5,760	288	6,216
NET BEFORE TRANSFERS		42	(57)	(109)	(203)
Transfers between Funds	18	-	(115)	115	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		42	(172)	6	(203)
Actuarial (gains)/losses on defined benefit pension schemes	22	-	546	-	546
NET MOVEMENT IN FUNDS		42	374	6	422
RECONCILIATION OF FUNDS:					
Total funds brought forward		537	(1,630)	10,029	8,936
TOTAL FUNDS CARRIED FORWARD		579	(1,256)	10,035	8,936

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)
Registered number: 07597390

Balance sheet
as at 31 August 2018

	Note	£000	2018 £000	2017 £000
FIXED ASSETS				
Tangible assets	14		10,011	10,029
CURRENT ASSETS				
Stocks	15	1		2
Debtors	16	340		210
Cash at bank and in hand		1,259		1,195
		1,600		1,407
CREDITORS: amounts falling due within one year	17	(153)		(74)
NET CURRENT ASSETS			1,447	1,333
TOTAL ASSETS LESS CURRENT LIABILITIES			11,458	11,362
Defined benefit pension scheme liability	22		(2,100)	(2,426)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			9,358	8,936
FUNDS OF THE ACADEMY				
Restricted income funds:				
Restricted income funds	18	844		796
Restricted fixed asset funds	18	10,035		10,029
Restricted income funds excluding pension liability		10,879		10,825
Pension reserve	18	(2,100)		(2,426)
Total restricted income funds			8,779	8,399
Unrestricted income funds	18		579	537
TOTAL FUNDS			9,358	8,936

The financial statements on pages 23 to 48 were approved by the Governors, and authorised for issue, on 5/12/18 and are signed on their behalf, by:



Mr P Irons, Chair
Chair of the Governing Body

The notes on pages 26 to 48 form part of these financial statements.

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Statement of cash flows
for the year ended 31 August 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Net cash provided by operating activities	20	<u>333</u>	<u>256</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		1	1
Purchase of tangible fixed assets		<u>(270)</u>	<u>(74)</u>
Net cash used in investing activities		<u>(269)</u>	<u>(73)</u>
Change in cash and cash equivalents in the year		64	183
Cash and cash equivalents brought forward		<u>1,195</u>	<u>1,012</u>
Cash and cash equivalents carried forward		<u><u>1,259</u></u>	<u><u>1,195</u></u>

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2018

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

The Fernwood Academy Trust constitutes a public benefit entity as defined by FRS 102.

The financial statements are prepared in Sterling which is the functional currency of the company and rounded to the nearest £1,000.

1.2 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.

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2018

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

Grants are included in the Statement of Financial Activities (incorporating the 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 the 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.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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.

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

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

All expenditure is inclusive of irrecoverable VAT.

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2018

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

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

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

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

Freehold property	-	2% straight line
Furniture and equipment	-	20% straight line
Computer equipment	-	33.3% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

1.6 Operating leases

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

1.7 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.

1.8 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.

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2018

1. ACCOUNTING POLICIES (continued)

1.9 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.

1.10 Liabilities and provisions

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

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2018

1. ACCOUNTING POLICIES (continued)

1.12 Pensions

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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.13 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

THE FERNWOOD ACADEMY TRUST
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Notes to the financial statements
for the year ended 31 August 2018

1. ACCOUNTING POLICIES (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	<i>Total funds 2017 £000</i>
Donations	-	1	-	1	2
Capital Grants	-	-	179	179	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	1	179	180	2
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2017</i>	-	2	-	2	
	<hr/>	<hr/>	<hr/>	<hr/>	

THE FERNWOOD ACADEMY TRUST
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Notes to the financial statements
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3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,291	5,291	5,282
Other DfE Group grants	-	227	227	240
	<u>-</u>	<u>5,518</u>	<u>5,518</u>	<u>5,522</u>
Other government grants				
Local authority grants	-	31	31	21
Other educational funding	-	17	17	10
	<u>-</u>	<u>48</u>	<u>48</u>	<u>31</u>
Other income from the academy trust's educational operations				
School trip income	-	109	109	143
Other incoming resources	62	-	62	50
	<u>62</u>	<u>5,675</u>	<u>5,737</u>	<u>5,746</u>

In 2017, of the total income from funding for academy's educational operations, £50,000 was to unrestricted funds and £5,696,000 was to restricted funds.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Catering income	187	-	187	183
Hire of facilities	42	-	42	48
Uniform sales	1	-	1	2
Staff consultancy	-	27	27	28
	<u>230</u>	<u>27</u>	<u>257</u>	<u>261</u>
<i>Total 2017</i>	<u>233</u>	<u>28</u>	<u>261</u>	

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Notes to the financial statements
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5. INVESTMENT INCOME

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Bank interest	1	-	1	1
	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>
<i>Total 2017</i>	<u>1</u>	<u>-</u>	<u>1</u>	

6. OTHER INCOMING RESOURCES

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Sale of goods and services	-	-	-	3
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>
<i>Total 2017</i>	<u>3</u>	<u>-</u>	<u>3</u>	

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Direct activities 2018 £000	Support costs 2018 £000	Total 2018 £000	Total 2017 £000
Funding for educational operations	4,932	1,116	6,048	5,993
	<u>4,932</u>	<u>1,116</u>	<u>6,048</u>	<u>5,993</u>
<i>Total 2017</i>	<u>4,978</u>	<u>1,015</u>	<u>5,993</u>	

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**Notes to the financial statements
for the year ended 31 August 2018**

8. ACADEMY TRUST EDUCATIONAL OPERATIONS

	Staff costs 2018 £000	Premises 2018 £000	Other costs 2018 £000	Total 2018 £000	Total 2017 £000
Expenditure on raising funds	117	-	134	251	223
Academy's educational operations:					
Direct costs	4,160	185	587	4,932	4,978
Support costs	595	220	301	1,116	1,015
	<u>4,872</u>	<u>405</u>	<u>1,022</u>	<u>6,299</u>	<u>6,216</u>
<i>Total 2017</i>	<u>4,826</u>	<u>271</u>	<u>1,119</u>	<u>6,216</u>	

In 2018, of the total expenditure, £251,000 (2017 - £223,000) was to unrestricted funds and £6,048,000 (2017 - £5,993,000) was to restricted funds.

9. NET INCOME/EXPENDITURE

Net income/(expenditure) for the period includes:

	2018 £000	2017 £000
Operating lease rentals	15	15
Depreciation	288	271
Fees payable to auditor for:		
- audit	8	8
- other services	7	5

During the year there were no individual transactions exceeding £5,000 falling under the following headings:

- Ex-gratia/compensation payments
- Gifts made by the trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

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Notes to the financial statements
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10. CHARITABLE ACTIVITIES

	Total funds 2018 £000	Total funds 2017 £000
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teaching and educational support staff costs	3,291	3,322
National insurance	335	336
Pension cost	533	528
Depreciation	288	271
Educational supplies	186	181
Examination fees	82	76
Staff development	15	12
Educational consultancy	27	51
Other direct costs	112	146
Technology costs	62	54
Travel and subsistence	1	1
	<hr/> 4,932 <hr/>	<hr/> 4,978 <hr/>
ANALYSIS OF SUPPORT COSTS		
Support staff wages and salaries	316	316
National insurance	19	19
Pension cost	260	198
Insurance	22	24
Technology costs	15	10
Water rates	7	9
Recruitment and support	26	15
Maintenance of premises	75	75
Cleaning	8	10
Rates	28	26
Operating lease rentals	15	15
Energy	102	75
Other support costs	160	162
Transport	33	32
Other occupancy costs	15	16
Governance costs	15	13
	<hr/> 1,116 <hr/>	<hr/> 1,015 <hr/>
	<hr/> 6,048 <hr/>	<hr/> 5,993 <hr/>

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

	2018 £000	2017 £000
Audit fees	8	8
Other non-audit fees	7	5
	<hr/> 15 <hr/>	<hr/> 13 <hr/>

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**Notes to the financial statements
for the year ended 31 August 2018**

11. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018	2017
	£000	£000
Wages and salaries	3,659	3,690
Social security costs	359	360
Operating costs of defined benefit pension schemes	807	739
	4,825	4,789
Agency staff costs	47	38
	4,872	4,827

Within operating costs of defined benefit pension schemes are net finance costs of £62,000 (2017 - £53,000)

b. Staff numbers

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

	2018	2017
	No.	No.
Teachers	77	77
Administration and support	61	58
Management	6	6
	144	141
	144	141

c. Higher paid staff

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

	2018	2017
	No.	No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	1
In the band £100,001 - £200,000	1	1

The 3 (2017 - 3) employees above participated in the Teachers' Pension Scheme.

d. Key management personnel

The key management personnel of the academy trust comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £688,940 (2017 - £749,532).

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Notes to the financial statements
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12. GOVERNORS' REMUNERATION AND EXPENSES

One or more of the governors has been paid remuneration or has received other benefits from 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 staff members under their contracts of employment.

T Rees (principal and governor)

Remuneration £100,000 - £105,000 (2017: £100,000 - £105,000)

Employer's pension contributions £15,000 - £20,000 (2017: £15,000 - £20,000)

N Jackson (staff governor)

Remuneration £40,000 - £45,000 (2017: £40,000 - £45,000)

Employer's pension contributions £5,000 - £10,000 (2017: £5,000 - £10,000)

A Saunders (staff governor) - until 27/01/2017

Remuneration £Nil (2017: £20,000 - £25,000)

Employer's pension contributions £Nil (2017: £Nil - £5,000)

A Cannon (staff governor) - until 10/03/2017

Remuneration £Nil (2017: £45,000 - £50,000)

Employer's pension contributions £Nil (2017: £5,000 - £10,000)

A Young (staff governor)

Remuneration £40,000 - £45,000 (2017: £40,000 - £45,000)

Employer's pension contributions £5,000 - £10,000 (2017: £5,000 - £10,000)

L Mead (staff governor)

Remuneration £35,000 - £40,000 (2017: £Nil)

Employer's pension contributions £5,000 - £10,000 (2017: £Nil)

During the year, no Governors received any benefits in kind (2017 - £NIL).

During the year, one Governor received reimbursement of expenses to the value of £36 (2017 - £112).

13. GOVERNORS' AND OFFICERS' INSURANCE

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

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Notes to the financial statements
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14. TANGIBLE FIXED ASSETS

	Freehold property £000	Furniture and equipment £000	Computer equipment £000	Assets under construction £000	Total £000
Cost					
At 1 September 2017	10,924	300	613	-	11,837
Additions	15	16	84	155	270
Disposals	-	-	(13)	-	(13)
At 31 August 2018	10,939	316	684	155	12,094
Depreciation					
At 1 September 2017	1,061	225	522	-	1,808
Charge for the year	185	47	56	-	288
On disposals	-	-	(13)	-	(13)
At 31 August 2018	1,246	272	565	-	2,083
Net book value					
At 31 August 2018	9,693	44	119	155	10,011
<i>At 31 August 2017</i>	<i>9,863</i>	<i>75</i>	<i>91</i>	<i>-</i>	<i>10,029</i>

Included in land and buildings is freehold land at valuation of £1,709,000 (2017 - £1,709,000), which is not depreciated.

15. STOCKS

	2018 £000	2017 £000
Finished goods and goods for resale	1	2

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Notes to the financial statements
for the year ended 31 August 2018

16. DEBTORS

	2018	2017
	£000	£000
Trade debtors	4	6
VAT recoverable	195	70
Other debtors	11	1
Prepayments and accrued income	130	133
	340	210
	340	210

17. CREDITORS: Amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	98	15
Other creditors	1	5
Accruals and deferred income	54	54
	153	74
	153	74

	2018	2017
	£000	£000
Deferred income		
Deferred income at 1 September 2017	29	31
Resources deferred during the year	31	29
Amounts released from previous years	(29)	(31)
	31	29
	31	29

Deferred income relates to Rates relief and SEN grants which relate to the 2018/19 academic and financial year.

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Notes to the financial statements
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18. STATEMENT OF FUNDS

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
General Funds - all funds	537	293	(251)	-	-	579
Restricted funds						
General Annual Grant (GAG)	796	5,291	(5,348)	105	-	844
Other DfE Group Grants	-	227	(227)	-	-	-
Other income	-	31	(31)	-	-	-
Local authority grants	-	154	(154)	-	-	-
Pension reserve	(2,426)	-	-	(220)	546	(2,100)
	<u>(1,630)</u>	<u>5,703</u>	<u>(5,760)</u>	<u>(115)</u>	<u>546</u>	<u>(1,256)</u>
Restricted fixed asset funds						
Fixed assets transferred on conversion	6,813	-	(194)	-	-	6,619
DfE Group Capital Grants	2,108	179	(60)	-	-	2,227
Donations	28	-	(1)	-	-	27
Capital expenditure from GAG	1,080	-	(33)	115	-	1,162
	<u>10,029</u>	<u>179</u>	<u>(288)</u>	<u>115</u>	<u>-</u>	<u>10,035</u>
Total restricted funds	<u>8,399</u>	<u>5,882</u>	<u>(6,048)</u>	<u>-</u>	<u>546</u>	<u>8,779</u>
Total of funds	<u><u>8,936</u></u>	<u><u>6,175</u></u>	<u><u>(6,299)</u></u>	<u><u>-</u></u>	<u><u>546</u></u>	<u><u>9,358</u></u>

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

The General Annual Grant, and other DfE Group grants relate to government funding for the provision of education by the academy including Special Educational Needs projects. Other restricted income relates to non-government restricted funding.

Unrestricted reserves comprise the net of income and expenditure from Music, Catering, Lettings and Uniform transactions.

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

The gain of £546,000 is an actuarial gain on the defined benefit pension scheme.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

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Notes to the financial statements
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18. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2017 £000</i>
General Funds - all funds	473	580	(441)	-	-	612
Restricted funds						
General Annual Grant (GAG)	702	5,208	(5,278)	164	-	796
Other DfE Group Grants	-	240	(240)	-	-	-
Other income	-	183	(183)	-	-	-
Local authority grants	-	21	(21)	-	-	-
Pension reserve	(2,420)	-	-	(164)	158	(2,426)
	<u>(1,718)</u>	<u>5,652</u>	<u>(5,722)</u>	<u>-</u>	<u>158</u>	<u>(1,630)</u>
Restricted fixed asset funds						
Fixed assets transferred on conversion	6,997	-	(184)	-	-	6,813
DfE Group Capital Grants	2,165	-	(57)	-	-	2,108
Donations	29	-	(1)	-	-	28
Capital expenditure from GAG	1,035	74	(29)	-	-	1,080
	<u>10,226</u>	<u>74</u>	<u>(271)</u>	<u>-</u>	<u>-</u>	<u>10,029</u>
Total restricted funds	<u>8,508</u>	<u>5,726</u>	<u>(5,993)</u>	<u>-</u>	<u>158</u>	<u>8,399</u>
Total of funds	<u><u>8,981</u></u>	<u><u>6,306</u></u>	<u><u>(6,434)</u></u>	<u><u>-</u></u>	<u><u>158</u></u>	<u><u>9,011</u></u>

A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	<i>Balance at 1 September 2016 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2018 £000</i>
Unrestricted funds						
General Funds - all funds	473	580	(441)	-	-	612
	-	293	(251)	-	-	42
	<u>-</u>	<u>293</u>	<u>(251)</u>	<u>-</u>	<u>-</u>	<u>42</u>

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18. STATEMENT OF FUNDS (continued)

Restricted funds

General Annual Grant (GAG)	702	10,499	(10,626)	269	-	844
Other DfE Group Grants	-	467	(467)	-	-	-
Other income	-	214	(214)	-	-	-
Local authority grants	-	175	(175)	-	-	-
Pension reserve	(2,420)	-	-	(384)	704	(2,100)
	<u>(1,718)</u>	<u>11,355</u>	<u>(11,482)</u>	<u>(115)</u>	<u>704</u>	<u>(1,256)</u>

Restricted fixed asset funds

Fixed assets transferred on conversion	6,997	-	(378)	-	-	6,619
DfE Group Capital Grants	2,165	179	(117)	-	-	2,227
Donations	29	-	(2)	-	-	27
Capital expenditure from GAG	1,035	74	(62)	115	-	1,162
	<u>10,226</u>	<u>253</u>	<u>(559)</u>	<u>115</u>	<u>-</u>	<u>10,035</u>
	<u>8,508</u>	<u>11,608</u>	<u>(12,041)</u>	<u>-</u>	<u>704</u>	<u>8,779</u>
Total of funds	<u><u>8,981</u></u>	<u><u>12,481</u></u>	<u><u>(12,733)</u></u>	<u><u>-</u></u>	<u><u>704</u></u>	<u><u>9,433</u></u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	10,011	10,011
Current assets	579	997	24	1,600
Creditors due within one year	-	(153)	-	(153)
Provisions for liabilities and charges	-	(2,100)	-	(2,100)
	<u>579</u>	<u>(1,256)</u>	<u>10,035</u>	<u>9,358</u>

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Notes to the financial statements
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19. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Tangible fixed assets	-	-	10,029	10,029
Current assets	537	870	-	1,407
Creditors due within one year	-	(74)	-	(74)
Provisions for liabilities and charges	-	(2,426)	-	(2,426)
	<u>537</u>	<u>(1,630)</u>	<u>10,029</u>	<u>8,936</u>

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

	2018	2017
	£000	£000
Net expenditure for the year (as per Statement of Financial Activities)	(124)	(203)
Adjustment for:		
Depreciation charges	288	271
Dividends, interest and rents from investments	(1)	(1)
Decrease in stocks	1	5
(Increase)/decrease in debtors	(130)	23
Increase/(decrease) in creditors	79	(3)
Defined benefit pension scheme cost less contributions payable	158	111
Defined benefit pension scheme finance cost	62	53
Net cash provided by operating activities	<u>333</u>	<u>256</u>

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018	2017
	£000	£000
Cash in hand	1,259	1,195
Total	<u>1,259</u>	<u>1,195</u>

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22. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Nottinghamshire 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 2016.

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

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

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

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

The employer's pension costs paid to TPS in the period amounted to £471,000 (2017 - £473,000).

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

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22. PENSION COMMITMENTS (continued)

out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £155,000 (2017 - £136,000), of which employer's contributions totalled £116,000 (2017 - £102,000) and employees' contributions totalled £39,000 (2017 - £34,000). The agreed contribution rates for future years are 18.3% for employers and 5.5% - 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %

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

	2018	2017
Retiring today		
Males	22.7	22.6
Females	25.6	25.5
Retiring in 20 years		
Males	24.9	24.8
Females	28.0	27.9

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22. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equities	1,521	1,405
Bonds	248	256
Property	327	248
Cash	43	44
Gilts	66	68
Other	159	103
	<u>2,364</u>	<u>2,124</u>
Total market value of assets	<u>2,364</u>	<u>2,124</u>

The actual return on scheme assets was £140,000 (2017 - £270,000).

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

	2018 £000	2017 £000
Current service cost (net of employee contributions)	(274)	(213)
Net interest cost	(61)	(52)
Administration expenses	(1)	(1)
	<u>(336)</u>	<u>(266)</u>
Total	<u>(336)</u>	<u>(266)</u>

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

	2018 £000	2017 £000
Opening defined benefit obligation	4,550	4,308
Current service cost	274	213
Contributions by scheme participants and employers	39	34
Change in financial assumptions	(463)	(3)
Estimated benefits paid net of transfers in	(54)	(96)
Interest cost	118	94
	<u>4,464</u>	<u>4,550</u>
Closing defined benefit obligation	<u>4,464</u>	<u>4,550</u>

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22. PENSION COMMITMENTS (continued)

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

	2018 £000	2017 £000
Opening fair value of scheme assets	2,124	1,888
Interest on assets	57	42
Return on assets less interest	83	155
Contributions by employer including unfunded	116	102
Contributions by scheme participants and other employers	39	34
Estimated benefits paid plus unfunded net of transfers in	(54)	(96)
Administration expenses	(1)	(1)
	2,364	2,124
Closing fair value of scheme assets	2,364	2,124

23. OPERATING LEASE COMMITMENTS

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

	2018 £000	2017 £000
Amounts payable:		
Within 1 year	15	15
Between 1 and 5 years	40	55
	55	70
Total	55	70

24. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy's operations and the composition of the board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which a Director 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.

Robin Hood Energy Limited - a not for profit energy provider in which Mr S Battlemuch (a Governor of the Academy) is a director.

Robin Hood Energy Limited is a subsidiary of the Nottingham City Council and has provided energy to the Academy totalling £34,508 (2017 - £22,244). There was an amount outstanding of £Nil (2017 - £Nil) at the year end within trade creditors. Included within accruals is an amount of £884 (2017 - £400) in relation to the related party.

In entering into the transactions with Robin Hood Energy Limited, the Academy has complied with the requirements of the ESFA's Academies Financial Handbook.

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25. MEMBERS' LIABILITY

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