

# **The Eden Academy**

## **Annual Report and Financial Statements**

31 August 2016

Company Limited by Guarantee  
Registration Number  
08036395 (England and Wales)

**The Eden Academy  
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**The Eden Academy  
Reference and Administrative Information**

**Members**  
Susan Douglas (resigned 1 October 2015)  
Karen Deacon  
Philip Haigh (resigned 10 May 2016)  
Collette Stone  
Angela St John  
Hardip Begol  
Pamela Stentiford (resigned 31 August 2016)  
Judith Hemery  
Barry Nolan

**Directors**  
Barry Nolan\* (Chair with effect from 1 October 2015)  
Karen Deacon (Deputy Chair)  
John Ayres (Principal)  
Hardip Begol  
Victoria Collis  
Susan Douglas \* (resigned as Chair 1 October 2015)  
Philip Haigh (resigned 10 May 2016)  
Judith Hemery  
Pamela Stentiford \*  
Angela St John  
Collette Stone

\* members of the Finance Committee

**Senior Management Team**

Chief Executive Officer (CEO) and Accounting Officer	Susan Douglas
Principal	John Ayres
Associate Head of Schools	Hilary McDermott (previously Head of Grangewood School until 1 October 2015)
Head of Grangewood School	Karen Clark (with effect from 1 October 2015)
Head of Alexandra School	Perdy Buchanon-Barrow
Head of Moorcroft School	Andrew Sanders
Head of RNIB Sunshine House School	Jackie Seaman
Head of Pentland Field School	Audrey Pantelis
Head of Finance and Resources and Company Secretary	Sudhi Pathak

**The Eden Academy**  
**Reference and Administrative Information** (continued)

<b>Registered address</b>	Grangewood School Fore Street Eastcote Pinner Middlesex HA5 2JQ
<b>Website</b>	<a href="http://www.theedenacademy.co.uk">www.theedenacademy.co.uk</a>
<b>Company registration number</b>	08036395 (England and Wales)
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	Lloyds Bank plc 286-288 Station Road Harrow HA1 2EB
<b>Solicitors</b>	TPP Law Ltd Enterprise House 1-2 Hatfields London SE1 9PG

The Directors of The Eden Academy ('the Academy Trust') present their annual report together with the financial statements and the auditor's report and accountant's report of the charitable company for the year to 31 August 2016. The annual report serves the purposes of a Directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 29 to 35 of the attached financial statements and comply with the Academy Trust's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later (Charities' SORP 2015).

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

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

Details of the Directors who served during the year are included in the Reference and Administrative Information on page 1.

### **Members' liability**

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

### **Directors' indemnities**

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2016 was included in the premiums payable through the Risk Protection Arrangement which is the Insurance cover provided directly by the DfE.

### **Principal activities**

The principal activity of The Eden Academy 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 schools specially organised to deliver special educational provision for pupils with Special Educational Needs ("the Special Academies").

**STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

**Principal activities** (continued)

Specifically, The Eden Academy delivers education to pupils with severe learning difficulties in the Local Authority of Hillingdon at Grangewood School, Moorcroft School and Pentland Field School and in the Local Authority of Harrow at Alexandra School. The Eden Academy has a contractual relationship with the RNIB Sunshine House School in the Local Authority of Hillingdon.

**Directors**

The Directors are Directors of the charitable company for the purposes of the Companies Act 2006. The following Directors were in office at 31 August 2016 and to date and served throughout the year except where shown.

<b>Directors</b>	<b>Appointed/Resigned</b>	<b>Appointing body</b>
Barry Nolan		Board of Directors
Karen Deacon		Board of Directors
John Ayres (Principal)		Board of Directors
Hardip Begol		Board of Directors
Victoria Collis		Board of Directors
Susan Douglas (CEO)		Board of Directors
Philip Haigh	Resigned 10 May 2016	Board of Directors
Judith Hemery		Board of Directors
Pamela Stentiford		Board of Directors
Angela St John		Board of Directors
Collette Stone		Board of Directors

**Method of recruitment and appointment or election of Directors**

During the summer term 2013, the Board of Directors undertook a review of governance during which it was decided that a significant restructuring would take place. This was in line with the Boards initial aim. The restructured Board comprises:

- ◆ The Chief Executive Officer;
- ◆ Principal;
- ◆ Grangewood School Local Governing Body (LGB) Representative;
- ◆ Moorcroft School Local Governing Body (LGB) Representative;
- ◆ Alexandra School (LGB) Representative;
- ◆ Pentland Field (LGB) Chair; and
- ◆ 4 Additional Directors.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **Policies and procedures adopted for the induction and training of Directors**

The Eden Academy can purchase training from the Governor Support Service, which is an independent service offering governor training on a range of subjects

### **Organisational structure**

An up-to-date organisation structure is available on the Academy Trust's website.

The Academy Trust has appointed a CEO of the Trust, who's role and responsibilities are as follows:

#### ***The role of the CEO***

The CEO is responsible for inspiring and leading the organisation in taking forward its vision, mission, values and strategy in collaboration with the Principal, Directors, staff and other stakeholders.

#### ***Strategic Leadership***

To work with the Principal, Board, staff and other key stakeholders to:

- ◆ Develop the vision, mission and values for The Eden Academy including the aim to educate, enrich, develop and nurture (EDEN) our pupils;
- ◆ Set, implement and review strategy for the organisation;
- ◆ Seek new opportunities and partnerships to enrich the work of The Eden Academy and develop its ethos, practices and reputation; and
- ◆ Support the Board in determining and identifying the success criteria and KPIs of the Principal.

#### ***Operational and Financial Management***

- ◆ To provide inspirational and clear leadership for all staff at The Eden Academy;
- ◆ To ensure strategies are in place to build and motivate teams and develop their capabilities and performance
- ◆ To ensure that all staff at The Eden Academy understand organisational goals and share a commitment to delivering them; and
- ◆ To ensure that the organisation is in a healthy financial position and manages its finances and resources prudently and effectively.

**STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

**Organisational structure** (continued)

***The role of the CEO*** (continued)

*Governance*

- ◆ To work in close partnership with the Directors, the Principal and Heads of School to ensure clear and robust lines of accountability;
- ◆ To develop and maintain excellent working relations with The Eden Academy Board; and
- ◆ To develop The Eden Academy Board so that it fulfils its governance function effectively.

*External Communications*

- ◆ To develop and communicate a consistent, appropriate and effective brand for the organisation based on The Eden Academy's core values;
- ◆ To represent the organisation effectively with external agencies including the DfE, policy makers and other key stakeholders;
- ◆ To build and develop networks in the local community to promote and raise the profile of the Academy Trust and create sponsors and partners; and
- ◆ To develop The Eden Academy's profile as an pioneering, influential and thoughtful voice at the forefront of thinking in the Special Educational Needs (SEN) arena.

The Trust has carried out a review of the current state of play of all policies across the Trust covering all aspects of its work (i.e. finance, personnel, curriculum etc.) to align the best practice across the Trust merging and refining these policies for approval by the Board of Directors and Local Governing Bodies. The Trust has provided a safe and stimulating environment for its pupils, provided a good staff to pupil ratio and the appropriate professional support from therapist and other professionals. The Trust has also worked on its structure to ensure that all four schools have worked to the high standards set by the Board of Directors. The collaboration between the four schools and RNIB has enhanced the continued professional development of the staff across the Trust.

***The role of the Accounting Officer***

The Chief Executive has been appointed as the Trust's Accounting Officer and is responsible for signing off the Trust's consolidated annual financial statements. Her responsibilities are as follows:



## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **Organisational structure** (continued)

#### ***The role of the Accounting Officer*** (continued)

The Accounting Officer is personally responsible to Parliament and to the Accounting Officer of the EFA for the resources under her control. The essence of the role is a personal responsibility for the propriety and regularity of the public finances for which they are answerable; for the keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; for ensuring value for money; and for the efficient and effective use of all the resources in their charge. Essentially accounting officers must be able to assure Parliament and the public of high standards of probity in the management of public funds.

#### **Arrangements for setting pay and remuneration of key management personnel**

The key management personnel of The Eden Academy responsible for directing and controlling the Academy Trust comprise the Directors together with the Senior Management Team.

The Eden Academy Board of Directors has appointed a Remuneration Committee, the terms of reference for which are reviewed annually and which comprises four Directors. The Remuneration Committee is responsible for setting the pay policy for the Academy Trust including that of the:

- ◆ CEO and the Principal;
- ◆ Heads of School and assistant heads of school;
- ◆ Academy Leads; and
- ◆ Head of Finance and Resources.

For the Academy Leads, the Remuneration Committee has set pay thresholds within the leadership scale of the School Teachers' Pay and Conditions Document (STPCD). For the CEO and the Principal, a separate pay scale has been created. In creating this pay scale the Remuneration Committee took into consideration methodology and advice set out in the STPCD, undertook a benchmarking exercise with similar size Multi Academy Trusts and took advice from the Managing Director of the Human Resources company from which we purchase services (Schools HR Cooperative). The Remuneration Committee undertook a similar exercise to set the payscale of the Head of Finance and Resources.

No other Director or Member has received any remuneration apart from the expenses claimed under the Academy's Travel Policy.

#### **Connected organisations, including related party relationships**

The Eden Academy has a contractual relationship with the RNIB Sunshine House School, whereby the time of seconded staff members of the Academy Trust are recharged at cost. There is also a fee for administrative time spent by the Academy Trust. The latest legal agreement is available on request.

## **OBJECTIVES AND ACTIVITIES**

The principal activity of The Eden Academy 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 schools specially organised to deliver provision for pupils with Special Educational Needs ("the Special Academies").

Specifically The Eden Academy delivers education to pupils with a range of additional needs in the Local Authority of Hillingdon at Grangewood School, Pentland Field School and Moorcroft School and in the Local Authority of Harrow at Alexandra School. The Eden Academy has a contractual relationship with the RNIB Sunshine House School in the Local Authority of Hillingdon.

**Vision:** The Eden Academy will create a centre of educational excellence where our young people will achieve exceptional outcomes.

**Mission:** The Eden Academy will be a national leader in special education. Our mission is to draw on the individual strengths of each academy school to build good practice and ensure that outstanding teaching and learning is at the heart of everything we do. Young people will achieve excellent academic outcomes in a safe and nurturing environment and be empowered to make decisions about their lives and their contribution to society. We will nurture our staff professionally and create positive relationships with our parents and the wider community.

### ***Value statements***

- ◆ **Inclusion:** a voice for everyone and everyone is heard
- ◆ **Focus:** children and young people are at the core of all we do
- ◆ **Collaboration:** together we are stronger
- ◆ **Quality:** excellence through innovation, creativity and continuous improvement
- ◆ **Integrity:** transparency and fairness in all we do

### **Objectives, strategies and activities**

Every year The Eden Academy constructs an Academy Trust development plan detailing the main objectives for the year ahead. The main objectives are to develop consistency and common approaches across the Academy Trust within the following areas:

- ◆ Pupils;
- ◆ Staff;
- ◆ Families; and
- ◆ Wider Community.

The Trust also aims to develop knowledge and understanding of the individual schools across the Trust.

## **OBJECTIVES AND ACTIVITIES** (continued)

### **Public Benefit**

The Eden Academy provides education for children and young people with significant and complex learning needs. Parents and carers do not pay fees for the services provided by the Academy Trust. The Academy Trust employs a cross academy lead to co-ordinate family services across the Academy Trust. There are a wide ranging set of services including sibling groups and parent workshops on issues including behaviour management. The Academy Trust enjoys good relationships with the local communities in which the schools are situated many of whom contribute to fundraising efforts on behalf of the local schools.

The Directors have due regard to the guidance on public benefit, published by the Charity Commission in exercising their powers or duties.

## **STRATEGIC REPORT**

### **Achievements and performance**

#### ***Review of activities***

- ◆ Pentland Field School continued to grow and is now close to full capacity, meeting its business plan targets agreed with the Department of Education. The school remains on track to be deemed good at its first OFSTED inspection.
- ◆ Therapy services became fully centralised and now provide outreach services to the local authority and a number of local schools.
- ◆ Moorcroft School continued to improve with an external audit (eQualitas) confirming it was on track to receive outstanding at its next OFSTED inspection
- ◆ 19-25 provision was secured for the first time with Orchard Hill Academy Trust providing this at Pentland for two classes of post 19 young people.

#### ***Key performance indicators***

The Trust aims to maintain and improve the OFSTED ratings of its academies. Further details are provided in 'Plans for future periods'. See page 11.

The Trust has just completed its fourth financial year during which it has consolidated its position. The Board of Directors have focused on the cash flow, recovery of income from the new way of working in regards to top-up fees and establishing working practices across the Trust. KPIs have mainly been budget related.

#### ***Going concern***

After making appropriate enquiries, the Board of Directors has a reasonable expectation that The Eden Academy 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.

## **STRATEGIC REPORT** (continued)

### **Financial review**

#### ***Financial report for the year***

The Trust has ended the year with a closing total fund of £12,357k (2015 - £13,555k) which is made up from the fixed asset fund of £17,918k, a revenue balance of £1,087k and a deficit Pension Fund balance of £6,648k

Top up fees from Hillingdon are now provided using a banded system based on the needs of each pupil identified through individual Education Health Care Plans. The Trust has consulted and negotiated these top up fees with Hillingdon.

Top up fees from Harrow were negotiated and changes were made in 2015, the prior year.

Out of Borough top up fees are negotiated on a case by case basis and agreed with each Head of School and the Head of Finance and Resources.

#### ***Reserves policy***

The reserves policy was approved by the Board in November 2016 and states that the Academy Trust aims to hold reserves (excluding those relating to fixed assets and pension deficit) of between 2% and 6% of income. General reserves constitute restricted general funds.

At the end of August 2016 the level of reserves were at 9% of income.

All restricted income funds were from revenue funding and are available for the general purposes of the Academy Trust.

Any reserves in excess of 6% are held solely for the purposes of funding capital expenditure in line with the priorities of the Academy Trust Asset Management Plan.

#### ***Investment policy***

The Trust has recently developed an investment policy. Any surpluses are currently held in appropriate bank accounts.

### **Principal risks and uncertainties**

#### ***Funding***

The current continued review of funding for schools by government is posing uncertainty for the Trust with regards to the levels of funding for the future. Along with the continued pressure on LA's budgets this poses a risk on the availability of funding for the significant needs of our pupils. This is managed through tight policies, continued review of performance and a continued focus of future opportunities including collaborative working with local schools and Local Authorities.

**STRATEGIC REPORT** (continued)

**Principal risks and uncertainties** (continued)

*Cash Flow*

Since the change to the funding formula, it is the responsibility of the Trust to collect a significant part of the individual pupils funding from the relevant local authorities. This can be a slow process which has an impact on the Trust's cash flow. We have managed to significantly reduce this risk through negotiation with Hillingdon Local Authority who are now paying an agreed monthly payment to support this.

*Competitors*

The schools have a good reputation and are currently at full capacity. There are no significant competitors within the local area at the moment. Although the Government initiative to open more Free Schools across the country could be seen as a threat, this has been significantly reduced by the Trust's successful bid to open Pentland Free School. The Eden Academy's specialism with pupils with severe learning difficulties means it does not compete directly with mainstream schools

**Plans for future periods**

The Academy Trust has the following plans for the future:

- ◆ To expand provision by successfully applying to open two new free schools (bids submitted in September 2016). If these are successful, this will necessitate significant movement of pupils and staff into different types of accommodation as the plan develops;
- ◆ To expand outreach services in the areas of therapy and continuing professional development;
- ◆ To continue to improve provision at Pentland Field School to ensure that it receives good at its first OfSTED inspection;
- ◆ To maintain the quality of provision at Moorcroft and Grangewood School so that both receive outstanding at their next OfSTED inspections (due 2016/17); and

In addition, The Academy Development Plan (2016-17) and the Business Development Plan (2015-18) contains the following overarching aims.

**a) Our workforce**

In 2015, the Directors identified professional and personal development as a key priority investing in a new website to support this area recognising that our people are our most valuable asset. This year, the Directors have expanded this so that it also includes other key areas such as teacher recruitment and induction. Directors agreed that £5k be set aside to support an LSA development programme.

**Plans for future periods** (continued)

**b) Parental engagement**

This priority also builds on the one in 2015 and focuses specifically on those families and young people who are particularly vulnerable. It is recognised that this may be because of safeguarding or housing issues or during times of transition. It is also recognised that we need to continue to focus on ensuring that communication is interesting and relevant for families.

Directors agreed that £7k be allocated to this strand to further enhance central co-ordination.

**c) ICT**

This priority also builds on one in 2015 recognising that now an infrastructure is in place, emphasis needs to be placed on staff members being enabled to use IT confidently both for learning and management purpose. The IT strategy group will be asked to put together a plan for this which will build on the original IT strategy.

**d) External focus**

This priority builds on the "building links and networks" priority from last year. Directors noted the importance of keeping the Academy Trust outward facing so that schools can learn from other successful practice both locally and nationally (including the notion of Challenge Partners or peer inspection). It also covers the continued expansion of our outreach programmes (therapy and personal development) as well as looking for opportunities to maximise our income streams through external sponsorship.

**e) Director Engagement**

This is a new area of focus. Directors recognise that stakeholders across the organisation need to feel a connection with the Board and its work. In 2016/17, a new way of working will be piloted with individual Directors taking responsibility for liaison with different groups (e.g. parents, Chair of LGBs etc).

**f) Succession planning**

Directors recognise the importance of building resilience and consolidating success across the organisation. A key part of this will be to ensure succession planning is in place at every level of the Academy Trust.

**The Eden Academy**  
**Directors' Report** (continued) Year to 31 August 2016

**AUDITOR**

In so far as the Directors are aware:

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

Directors' report, incorporating a strategic report, approved by order of the members of the Board of Directors on 14 December 2016 and signed on its behalf by:

Barry Nolan  
Chair of Directors

### **Scope of responsibility**

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

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

### **Governance**

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met seven times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

<b>Directors</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Susan Douglas	6	7
Karen Deacon	5	7
Philip Haigh (Resigned 10 May 2016)	4	5
Collette Stone	6	7
John Ayres (Principal)	5	7
Angela St John	6	7
Hardip Begol	6	7
Pamela Stentiford	7	7
Judith Hemery	6	7
Barry Nolan	7	7
Victoria Collis	5	7

### **Governance reviews**

During 2014/15 the Academy Trust undertook a review of governance in relation to the post of CEO. As a result, the Academy Trust re-structured the Board to separate out the posts of Chair and CEO in line with EFA guidance and a new Academy business development plan has been created for the period 2015-18 with a new Chair appointed with effect from 1 October 2015.

The Academy carried out a further review of governance across all schools to ensure that the Directors have the necessary skills and identify any significant training needs. This was completed in March 2016.



### **Finance Committee**

The Finance Committee is a sub-committee of the main Board of Directors. Its purpose is to:

- ◆ Ensure the Academy Trust is operating within its funding agreement providing assurance for the Accounting Officer;
- ◆ To review and agree policies relating to Finance as delegated by the Board of Directors e.g. Finance Policy, Record of Financial Responsibility including levels of delegation, Charges and Remissions, Expenses and Best Value Statement;
- ◆ In consultation with the Principal, Heads of School and Head of Finance and Resources, to draft and recommend to the Board, the formal budget plan for the financial year, carry out revisions monitor the budget , and report regularly to the Board of Directors on progress at school and academy trust level;
- ◆ To establish and maintain an up to date 3 year strategic financial plan;
- ◆ To consider a budget position statement including virement decisions at least termly and to report significant anomalies from the anticipated position to the Local Governing Bodies or Board of Directors;
- ◆ To consider a medium term plan and report annually to inform the recovery of deficit if applicable;
- ◆ To receive reports from the Audit Committee and action where necessary, including the Statement of Internal Control;
- ◆ To review service agreements, contracts and insurance (buildings and public liability) and make decisions on unallocated funds following recommendations from other committees or Local Governing Bodies;
- ◆ To be responsible, in conjunction with the Board of Directors, for determining dismissal payments/early retirement; and
- ◆ To review benchmarking data on an annual basis to secure best value for money.

**The Eden Academy**  
**Governance Statement** (continued) Year to 31 August 2016

**Finance Committee** (continued)

Attendance at meetings in the year was as follows:

<b>Governor</b>	<b>Status</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Barry Nolan	Director	5	6
Pam Stentiford	Director and Chair of Finance Committee	6	6
John Marr	Governor rep, Grangewood	4	6
Debbie Wiseman	Governor rep, Moorcroft	5	6
Temple Rogers	Governor rep, Alexandra	4	6
Angela St John (to February 2016)	Governor rep, Pentland	—	3
Laura Cunningham (from March 2016)	Governor rep, Pentland	1	3
Susan Douglas	Director and CEO	5	6

**Audit Committee**

Responsibilities comprise:

*Regularity*

- ◆ Ensure Academy Trust-wide visibility of the key financial regulations and procedures, for example the 'Academies Financial Handbook' releases;
- ◆ Advising the Board of Directors on the effectiveness of the whole system of internal control, not just financial controls;
- ◆ Oversight of the controls surrounding IT systems; and
- ◆ Responsibility for commissioning investigation of potential instances of fraud or irregularity or cases of whistle blowing.

*External Audit*

- ◆ Advising on the appointment and remuneration of external auditors;
- ◆ Oversight of the audit plan;
- ◆ Ongoing monitoring of the audit, ensuring audit deadlines are met; and
- ◆ Advising the Board of Directors on external audit findings reports and management letters.

*Internal Audit*

- ◆ Advising on the scope of work and objectives of internal audit;
- ◆ Advising on the appointment and remuneration of internal audit;

**Audit Committee** (continued)

*Internal Audit (continued)*

- ◆ Oversight of internal audit plans and audit needs assessments, relating this to the risks identified; and
- ◆ Monitoring implementation of recommendations in audit reports and management letters.

*Risk registers*

- ◆ Assisting the management team in developing the school level and Academy Trust consolidated risk registers and action plan reporting;
- ◆ Initial questioning against the risk registers so produced; and
- ◆ Ensuring adequate escalation to the Board of Directors for further scrutiny and action.

*Other*

- ◆ Regular reporting to the Board of Directors on the work of the Audit Committee;
- ◆ Review Local Governing Board agreed policies to ensure these do not contradict Academy Trust-wide policies; and
- ◆ Read any freedom of information requests and management responses and advise on content as necessary to ensure responses are full and compliant.

<b>Members</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mark Lemon	5	5
Martin Hand	5	5

**Review of value for money**

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

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

- ◆ Carrying out a review of the cost of utilities across the Academy Trust. The cost of gas and electricity was tested in the market through a broker and utility savings are projected to be £27,000 over a three year period;

**Review of value for money** (continued)

- ◆ Carrying out a review of the use of agency staff for Supply Teachers and Learning Support Assistants. The review showed that the day rates charged for temporary staff varied across the schools for the same agency. The Academy Trust negotiated with the agency and the rates were reduced to be more consistent across all schools in the Academy Trust; and
- ◆ A number of contracts have been renegotiated on a cross school basis including:
  - ◇ Utilities;
  - ◇ Grounds Maintenance;
  - ◇ Health and Safety support;
  - ◇ Provision of IT support; and
  - ◇ Use of Agency staff.

**The purpose of the system of internal control**

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

**Capacity to handle risk**

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

**The risk and control framework**

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

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

**The Eden Academy**  
**Governance Statement** (continued) Year to 31 August 2016

**The risk and control framework** (continued)

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

The Board of Directors has considered the need for a specific internal audit function and appointed Buzzacott to carry out this function for the year to 31 August 2016.

**Review of effectiveness**

As Accounting Officer, the Chief Executive 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 Auditor; and
- ◆ the work of the Senior Management Team within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has advised the Finance Committee of the implications of her review of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Directors on 14 December 2016 and signed on their behalf by:

Barry Nolan  
(Chair of Directors)

Susan Douglas  
(Accounting Officer)

**The Eden Academy**  
**Statement on Regularity, Propriety and Compliance** Year to 31 August 2016

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

I confirm that I and the Academy Trust Board of Directors are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook.

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

Susan Douglas

Accounting Officer

Date: 14 December 2016

**The Eden Academy**  
**Statement of Directors' Responsibilities** Year to 31 August 2016

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

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

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

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

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

The Directors are responsible for the maintenance and integrity of the charity and financial information included on the Academy Trust's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Directors on 14 December 2016 and signed on its behalf by:

Barry Nolan  
Chair of Directors

**Independent auditor's report on the financial statements to the Members of The Eden Academy**

We have audited the financial statements of The Eden Academy ("the charitable company") for the year ended 31 August 2016 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

**Respective responsibilities of Directors and auditor**

The Directors act as trustees for the charitable activities of The Eden Academy and are also the Directors of the charitable company for the purpose of company law.

As explained more fully in the Statement of Directors' Responsibilities set out in the Directors' report, including the strategic report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

**Scope of the audit of the financial statements**

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



### **Opinion**

In our opinion:

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

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

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

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

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

19 December 2016

**Independent reporting accountant's assurance report on regularity to The Eden Academy and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 8 September 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Eden Academy during the period from 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of The Eden Academy's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Eden Academy's funding agreement with the Secretary of State for Education dated 30 May 2012 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

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

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

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

**The Eden Academy**  
**Independent Accountant's Report** (continued) Year to 31 August 2016

**Approach** (continued)

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

The work undertaken to draw to our conclusion includes:

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

**Conclusion**

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

Reporting Accountants  
Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

19 December 2016

**The Eden Academy**

**Statement of Financial Activities (including income and expenditure account) Year to 31 August 2016**

	Notes	Unrestricted general fund £000	Restricted general fund £000	Restricted fixed assets fund £000	<b>31 August 2016 £000</b>	31 August 2015 Restated £000
<b>Income from:</b>						
Donations and capital grants	1	43	—	2,230	<b>2,273</b>	6,450
Charitable activities						
· Funding for the Academy Trust's educational operations	4	—	9,582	—	<b>9,582</b>	9,340
Other trading activities	2	468	—	—	<b>468</b>	199
Investments	3	3	—	—	<b>3</b>	2
<b>Total income</b>		<b>514</b>	<b>9,582</b>	<b>2,230</b>	<b>12,326</b>	<b>15,991</b>
<b>Expenditure</b>						
Charitable activities						
· Academy Trust's educational operations	6	885	9,769	460	<b>11,114</b>	9,270
<b>Total expenditure</b>		<b>885</b>	<b>9,769</b>	<b>460</b>	<b>11,114</b>	<b>9,270</b>
<b>Net (expenditure) income</b>		<b>(371)</b>	<b>(187)</b>	<b>1,770</b>	<b>1,212</b>	<b>6,721</b>
<b>Other recognised gains and losses</b>						
Actuarial (losses) gains on defined benefit pension scheme	18	—	(2,410)	—	<b>(2,410)</b>	87
<b>Net movement in funds</b>		<b>(371)</b>	<b>(2,597)</b>	<b>1,770</b>	<b>(1,198)</b>	<b>6,808</b>
<b>Reconciliation of funds</b>						
Total fund balances brought forward at 1 September		371	(2,964)	16,148	<b>13,555</b>	6,747
<b>Total fund balances carried forward at 31 August</b>		<b>—</b>	<b>(5,561)</b>	<b>17,918</b>	<b>12,357</b>	<b>13,555</b>

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

The Academy Trust has no recognised gains or losses other than those shown above.

**The Eden Academy**  
**Balance Sheet** as at 31 August 2016

	Notes	2016 £000	2015 £000
<b>Fixed assets</b>			
Tangible fixed assets	11	<b>17,681</b>	15,248
<b>Current assets</b>			
Debtors	12	<b>426</b>	698
Cash at bank and in hand		<b>1,670</b>	2,605
		<b>2,096</b>	3,303
<b>Liabilities</b>			
Creditors: amounts falling due within one year	13	<b>(772)</b>	(890)
<b>Net current assets</b>		<b>1,324</b>	2,413
<b>Total assets less current liabilities</b>			
		<b>19,005</b>	17,661
Pension scheme liability	18	<b>(6,648)</b>	(4,106)
<b>Total net assets</b>		<b>12,357</b>	13,555
<b>Restricted funds</b>			
Fixed assets fund	14	<b>17,918</b>	16,148
Restricted income fund	14	<b>1,087</b>	1,142
Pension reserve	14	<b>(6,648)</b>	(4,106)
<b>Total restricted funds</b>	14	<b>12,357</b>	13,184
<b>Unrestricted income funds</b>			
General fund	14	—	371
<b>Total funds</b>		<b>12,357</b>	13,555

The financial statements on pages 26 to 49 were approved by the Directors, and authorised for issue on 14 December 2016 and are signed on their behalf by:

Barry Nolan  
Chair of Directors

The Eden Academy  
Company Limited by Guarantee  
Registration Number: 08036395 (England and Wales)

**The Eden Academy**  
**Statement of Cash Flows** Year to 31 August 2016

		<b>2016</b> <b>£'000</b>	2015 Restated £'000
<b>Net cash flows from operating activities</b>			
Net cash (used in) provided by operating activities	A	<b>(275)</b>	468
<b>Cash flows from investing activities</b>			
	B	<b>(660)</b>	978
<b>Change in cash and cash equivalents in the year</b>		<b>(935)</b>	1,446
<b>Cash and cash equivalents at 1 September</b>		<b>2,605</b>	1,159
<b>Cash and cash equivalents at 31 August</b>		<b>1,670</b>	2,605
<b>A Reconciliation of income (expenditure) to net cash flow from operating activities</b>			
		<b>2016</b> <b>£'000</b>	2015 Restated £'000
<b>Net income (expenditure) for the year (as per the statement of financial activities)</b>			
		<b>1,212</b>	6,721
<b>Adjusted for:</b>			
Depreciation charges (note 11)		<b>460</b>	297
Capital grants from DfE and other capital income		<b>(2,230)</b>	(6,440)
Interest receivable (note 3)		<b>(3)</b>	(2)
Defined benefit pension scheme cost less contributions payable (note 18)		<b>(23)</b>	2
Defined benefit pension scheme finance cost (note 18)		<b>155</b>	149
Decrease (increase) in debtors		<b>272</b>	(253)
Decrease in creditors		<b>(118)</b>	(6)
<b>Net cash provided by (used in) operating activities</b>		<b>(275)</b>	468
<b>B Cash flows from investing activities</b>			
		<b>2016</b> <b>£'000</b>	2015 Restated £'000
Interest receivable		<b>3</b>	2
Purchase of tangible fixed assets		<b>(2,893)</b>	(2,782)
Capital grants from DfE/EFA		<b>2,230</b>	3,758
<b>Net cash (used in) provided by investing activities</b>		<b>(660)</b>	978
<b>C Analysis of cash and cash equivalents</b>			
		<b>2016</b> <b>£'000</b>	2015 £'000
Cash at bank and in hand		<b>1,670</b>	2,605
<b>Total cash and cash equivalents</b>		<b>1,670</b>	2,605

**The Eden Academy**  
**Principal Accounting Policies** Year to 31 August 2016

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

**Basis of preparation**

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

**Transition to FRS 102**

***First time adoption of FRS 102***

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

***Explanation of transition to FRS 102***

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

**Transition to FRS 102 (continued)**

***Explanation of transition to FRS 102 (continued)***

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

A reconciliation and description of the effect of the transition to FRS 102 and Charities' SORP 2015 on net income for the comparative period reported under previous UK GAAP and SORP 2005 is given below:

	Year to 31 August 2015 £
<b>Reconciliation of net income / (expenditure)</b>	
Net income (expenditure) previously reported under UK GAAP	6,775
Change in recognition of LGPS interest cost (A)	(54)
<b>Net income (expenditure) under FRS 102</b>	<b>6,721</b>

**Change in recognition of LGPS interest cost**

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expenditure by £54,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.

**Going Concern**

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

**Income**

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



**Income** (continued)

**Grants**

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

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

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

**Donations**

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

**Other income**

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

**Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. 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.

**Charitable activities**

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities. All expenditure is inclusive of irrecoverable VAT.

### **Tangible fixed assets**

Assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

◆ Freehold buildings	50 years
◆ Long leasehold buildings	45 years
◆ Motor vehicles	4 years
◆ Computer equipment	4 years

Depreciation is charged from the month of acquisition.

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.

### **Debtors**

Debtors were recognised at their settlement amount, less any provision for non-recoverability. Prepayments were valued at the amount prepaid.

### **Cash at bank and in hand**

Cash at bank and in hand represented such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

### **Liabilities**

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

### **Provisions**

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

### **Leased assets**

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

### **Taxation**

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

### **Pensions benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective benefit method. As stated in Note 18, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

**Pensions benefits** (continued)

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**Fund accounting**

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

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

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

**Critical accounting estimates and areas of judgement**

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

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

**Critical accounting estimates and areas of judgement** (continued)

- ◆ 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 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability; and
- ◆ Estimating the useful economic life of tangible fixed assets for the purposes of calculating depreciation.

### 1 Donations and capital grants

	Unrestricted funds £000	Restricted fixed assets funds £000	<b>2016 Total funds £000</b>	2015 Total funds Restated £000
Capital grants	—	2,230	<b>2,230</b>	3,940
Donated fixed assets	—	—	—	2,500
Other donations	43	—	<b>43</b>	10
	<b>43</b>	<b>2,230</b>	<b>2,273</b>	<b>6,450</b>

### 2 Other trading activities

	Unrestricted funds £000	Restricted fixed assets funds £000	<b>2016 Total funds £000</b>	2015 Total funds Restated £000
Hire of facilities	18	—	<b>18</b>	—
Trip income	1	—	<b>1</b>	2
Catering income	21	—	<b>21</b>	23
Miscellaneous income	428	—	<b>428</b>	174
	<b>468</b>	<b>—</b>	<b>468</b>	<b>199</b>

Miscellaneous income includes charges to Sunshine House for the use of teachers and educational support staff from The Eden Academy and rent from Growing Tree Nurseries for the occupation of part of Pentland Field site.

### 3 Investment Income

	Unrestricted funds £000	Restricted fixed assets funds £000	<b>2016 Total funds £000</b>	2015 Total funds Restated £000
Interest receivable	3	—	<b>3</b>	2

#### 4 Funding for academy's educational operations

	Unrestricted funds £000	Restricted general funds £000	2016 Total funds £000	2015 Total funds Restated £000
<b>DfE/EFA grants</b>				
. General Annual Grant (GAG)	—	3,291	3,291	2,853
. Start Up grants	—	—	—	128
. Other DfE / EFA	—	192	192	231
	—	3,483	3,483	3,212
<b>Other Government grants</b>				
. Local authority grants	—	5,838	5,838	5,785
. Special educational projects	—	—	—	59
	—	5,838	5,838	5,844
Other income from the Academy Trust's educational operations	—	261	261	284
	—	9,582	9,582	9,340

#### 5 Expenditure

	Staff costs £000	Non pay expenditure		2016 Total funds £000	2015 Total funds Restated £000
		Premises £000	Other costs £000		
Academy's educational operations					
. Direct costs	7,429	460	133	8,022	6,970
. Allocated support costs	1,218	675	1,199	3,092	2,300
	8,647	1,135	1,332	11,114	9,270
<b>Incoming resources for the year include:</b>					
Operating lease rentals				3	3
Depreciation				460	297
Fees payable to auditor					
. Statutory audit				24	19
. Other services				4	15

**5 Expenditure (continued)**

Included within expenditure are the following transactions.

	Total £000	Individual items above £5,000 Amount £000	Reason
Compensation payments	60	6	Compromise agreement
		5	Compromise agreement

The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook 2016, being delegated authority or approval from the Education Funding Agency.

**6 Charitable activities**

	2016 Total funds £000	2015 Total funds £000
Direct costs – educational operations	8,022	6,970
Support costs – educational operations	3,092	2,300
	<b>11,114</b>	<b>9,270</b>

	2016 Total funds £000	2015 Total funds £000
Support staff costs	1,218	781
Depreciation	460	297
Technology costs	33	—
Premises costs	824	735
Other supports costs	450	344
Governance costs	107	143
<b>Total support costs</b>	<b>3,092</b>	<b>2,300</b>

**7 Staff**

**(a) Staff costs**

Staff costs during the year were:

	2016 Total funds £000	2015 Total funds £000
Wages and salaries	6,265	5,535
Social security costs	478	373
Pension costs	1,254	1,050
	<b>7,997</b>	<b>6,958</b>
Supply staff costs	590	366
Staff restructuring costs	60	12
	<b>8,647</b>	<b>7,336</b>



**7 Staff (continued)**

**(a) Staff costs (continued)**

	<b>2016 Total funds £000</b>	2015 Total funds £000
<b>Staff restructuring costs comprise:</b>		
Other restructuring costs	<b>60</b>	12
	<b>60</b>	12

**(b) Staff numbers**

The average numbers of persons (including senior management team) employed by the Academy Trust during the year was as follows:

<b>Charitable activities</b>	<b>2016 No</b>	2015 No
Administration and support	<b>49</b>	42
Teachers and educational support	<b>241</b>	214
Management	<b>20</b>	10
	<b>310</b>	266

**(c) Higher paid staff**

The number of employees whose emoluments fell within the following bands was:

	<b>2016 No</b>	2015 No
£60,001 - £70,000	<b>5</b>	4
£120,001 - £130,000	<b>1</b>	1

Five (2015 – four) of the above employees participated in the Teachers' Pension Scheme. The other employee (2015 – one) participated in the Local Government Pension Scheme.

**(d) Key management personnel**

The key management personnel of the Academy Trust comprise the Directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £674,435 (2015 - £567,106).

## 8 Directors' remuneration and expenses

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

	2016 £000	2015 £000
Susan Douglas, CEO*		
. Remuneration	30 – 35	—
. Employer's pension contributions	0 – 5	—
John Ayres, Principal		
. Remuneration	125 – 130	120 – 125
. Employer's pension contributions	15 – 20	15 – 20

\* In 2015 Susan Douglas was remunerated in her position as CEO through a consultancy firm as detailed in note 19.

During the year ended 31 August 2016, there were no travel and subsistence expenses (2015 - £nil) reimbursed to the Directors.

Other related party transactions involving the Directors are set out in note 19.

## 9 Directors' and Officers' insurance

The Eden Academy purchases insurance via the EFA's Risk Protection Arrangement scheme.

## 10 Central services

The Academy Trust has provided the following central services to its academies during the year:

- ◆ Human resources;
- ◆ Financial services;
- ◆ Legal services;
- ◆ Educational support services;
- ◆ IT services; and
- ◆ Provision of careers support for students aged 16 and over.

The Academy Trust charges for these services on flat 6% of income.

## 10 Central services (continued)

The actual amounts charged during the year were as follows:

	<b>2016</b> <b>£000</b>	2015 £000
Alexandra School	112	218
Grangewood School	206	160
Moorcroft School	140	118
Pentland Field School	135	47
	<b>593</b>	<b>543</b>

## 11 Tangible fixed assets

	Freehold land and buildings £'000	Lease- hold land and buildings £000	Furniture and equip- ment £'000	Computer equip- ment £'000	Motor vehicles £000	<b>Total funds £000</b>
<b>Cost/valuation</b>						
At 1 September 2015	4,995	10,847	101	12	37	<b>15,992</b>
Additions	2,057	715	—	87	34	<b>2,893</b>
At 31 August 2016	<u>7,052</u>	<u>11,562</u>	<u>101</u>	<u>99</u>	<u>71</u>	<b>18,885</b>
<b>Depreciation</b>						
At 1 September 2015	37	656	22	—	29	<b>744</b>
Charge in year	141	252	25	25	17	<b>460</b>
At 31 August 2016	<u>178</u>	<u>908</u>	<u>47</u>	<u>25</u>	<u>46</u>	<b>1,204</b>
<b>Net book value</b>						
At 31 August 2016	<u>6,874</u>	<u>10,654</u>	<u>54</u>	<u>74</u>	<u>25</u>	<b>17,681</b>
At 31 August 2015	<u>4,958</u>	<u>10,191</u>	<u>79</u>	<u>12</u>	<u>8</u>	<b>15,248</b>

The Secretary of State for Defence and the Secretary of State for Education hold legal charges over property with a value of £2.5 million.

## 12 Debtors

	<b>2016</b> <b>£000</b>	2015 £000
Trade debtors	192	96
VAT recoverable	219	—
Other debtors	—	236
Prepayments and accrued income	15	366
	<b>426</b>	<b>698</b>

### 13 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	241	—
Taxation and social security	134	107
Other creditors	15	—
Accruals and deferred income	382	783
	<b>772</b>	<b>890</b>
<b>Deferred income</b>		
Deferred income at 1 September	21	439
Released during the year	(21)	(439)
Resources deferred in the year	14	21
Deferred income at 31 August	<b>14</b>	<b>21</b>

Deferred income relates to grant funding received in the year relating to 2016/17.

### 14 Funds

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2016 £000
<b>Restricted general funds</b>					
. General Annual Grant (GAG)	—	3,291	(3,291)	—	—
. Pupil Premium	—	159	(159)	—	—
. Other EFA grants	—	294	(294)	—	—
. Pension reserve	(4,106)	—	(132)	(2,410)	<b>(6,648)</b>
	<b>(4,106)</b>	<b>3,744</b>	<b>(3,876)</b>	<b>(2,410)</b>	<b>(6,648)</b>
<b>Restricted fixed asset funds</b>					
. DfE/EFA capital grants	16,148	2,230	(460)	—	<b>17,918</b>
	<b>16,148</b>	<b>2,230</b>	<b>(460)</b>	<b>—</b>	<b>17,918</b>
<b>Other restricted funds</b>					
. Local authority grants	1,142	5,838	(5,893)	—	<b>1,087</b>
	<b>1,142</b>	<b>5,838</b>	<b>(5,893)</b>	<b>—</b>	<b>1,087</b>
<b>Total restricted funds</b>	<b>13,184</b>	<b>11,812</b>	<b>(10,229)</b>	<b>(2,410)</b>	<b>12,357</b>
<b>Unrestricted funds</b>					
. General funds	371	514	(885)	—	—
<b>Total unrestricted funds</b>	<b>371</b>	<b>514</b>	<b>(885)</b>	<b>—</b>	<b>—</b>
<b>Total funds</b>	<b>13,555</b>	<b>12,326</b>	<b>(11,114)</b>	<b>(2,410)</b>	<b>12,357</b>

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

**14 Funds (continued)**

***EFA revenue grant fund and other restricted funds***

*General Annual Grant (GAG)*

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

*Fixed asset fund*

These grants relate to funding received to purchase assets of a capital nature and buildings inherited on conversion.

*Pension reserve*

The pension reserve relates to the Trust's share of the deficit of the Local Government Pension schemes.

***Analysis of fund balance by academy***

Fund balances at 31 August 2016 were allocated as follows:

	<b>2016 £000</b>	2015 £000
Central	<b>291</b>	188
Moorcroft	<b>80</b>	250
Grangewood	<b>184</b>	717
Alexandra	<b>372</b>	219
Pentland	<b>160</b>	139
<b>Total before fixed assets and pension reserve</b>	<b>1,087</b>	1,513
Restricted fixed asset fund	<b>17,918</b>	16,148
Pension liability	<b>(6,648)</b>	(4,106)
<b>Total</b>	<b>12,357</b>	13,555

***Analysis of academies by cost***

Expenditure incurred by each academy during the year (excluding £460k of depreciation) was as follows

	Teaching and education support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation) £'000	<b>Total £'000</b>
Grangewood School	2,526	368	292	539	<b>3,725</b>
Moorcroft School	2,249	490	284	341	<b>3,364</b>
Alexandra School	1,318	144	72	140	<b>1,674</b>
Pentland Field School	1,336	216	133	206	<b>1,891</b>
Academy Trust	7,429	1,218	781	1,226	<b>10,654</b>

### 15 Analysis of net assets between funds

	Unrestricted funds £000	Restricted General Funds £000	Restricted Fixed Asset Fund £000	Total 2016 £000
<b>Fund balances at 31 August 2016 are represented by:</b>				
Tangible fixed assets	—	—	17,681	<b>17,681</b>
Current assets	—	1,859	237	<b>2,096</b>
Current liabilities	—	(772)	—	<b>(772)</b>
Pension scheme liability	—	(6,648)	—	<b>(6,648)</b>
<b>Total net assets</b>	<b>—</b>	<b>(5,561)</b>	<b>17,918</b>	<b>12,357</b>

### 16 Commitments under operating leases

#### *Operating leases*

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

	2016 £000	2015 £000
<b>Other</b>		
Expiring within one year	—	1
	<b>—</b>	<b>1</b>

### 17 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.

## **18 Pension and similar obligations**

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

### ***Teachers' Pension Scheme (TPS)***

#### *Introduction*

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

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

#### *Valuation of the Teachers' Pension Scheme*

Not less than every four years the Government Actuary, using normal accounting principles, conducts a formal 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 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) from 1 September 2015 (previously 14.1%);

## 18 Pension and similar obligations (continued)

### *Teachers' Pension Scheme (TPS) (continued)*

#### *Valuation of the Teachers' Pension Scheme (continued)*

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

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.48% (including a 0.08% employer administration charge) from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

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

Under the definitions set out in Financial Reporting Standard (FRS 102 Section 28) Retirement Benefits, the TPS is a multi-employer pension scheme. The Federation is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Federation has taken advantage of the exemption in FRS 102 Section 28 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Federation has set out above the information available on the scheme.

### **Local Government Pension Scheme (LGPS)**

Each LGPS is a multi-employer funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £1,120,000, of which employer's contributions totalled £907,000 and employees' contributions totalled £213,000. The agreed contribution rates for future years are between 5.5% and 12.5% for employees and between 22% and 28% for employers.

The funds that the charitable company is part of are: London Borough of Hillingdon Pension Fund (Grangewood School, Moorcroft School and Pentland Field School) and London Borough of Harrow Pension Fund (Alexandra School).

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.



**18 Pension and similar obligations (continued)**

**Local Government Pension Scheme (LGPS) (continued)**

<b>Principal Actuarial Assumptions</b>	<b>At 31 August 2016</b>	<b>At 31 August 2015</b>
Rate of increase in salaries	<b>3.2%</b>	3.7%
Rate of increase for pensions in payment / inflation	<b>2.1%</b>	2.7%
Discount rate for scheme liabilities	<b>2.1%</b>	3.8%

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

	<b>At 31 August 2016</b>	<b>At 31 August 2015</b>
<i>Retiring today</i>		
Males	<b>22.1</b>	22.6
Females	<b>24.4</b>	24.6
<i>Retiring in 20 years</i>		
Males	<b>24.5</b>	24.4
Females	<b>26.9</b>	26.9

The Academy Trust's share of the assets and liabilities in the scheme and the average expected rates of return across the schemes were:

	<b>Fair value at 31 August 2016 £000</b>	<b>Fair value at 31 August 2015 £000</b>
Equities	<b>3,287</b>	2,179
Bonds	<b>1,243</b>	757
Property	<b>599</b>	433
Cash	<b>233</b>	183
<b>Total market value of assets</b>	<b>5,362</b>	3,552
<b>Present value of scheme liabilities</b>		
. Funded	<b>(12,010)</b>	(7,658)
<b>Deficit in the scheme</b>	<b>(6,648)</b>	(4,106)

A long term expected rate of return at 31 August 2016 has not been provided for accounting periods beginning on or after 1 January 2015, the expected rate of return and interest cost will be replaced with a single net interest cost. This will effectively set the expected return at a level equal to the discount rate of 3.8%.

**18 Pension and similar obligations (continued)**

**Local Government Pension Scheme (LGPS) (continued)**

<b>Amounts recognised in statement of financial activities</b>	<b>2016 £000</b>	<b>2015 £000</b>
Current service costs (net of employee contributions)	884	784
Net interest cost	155	149
<b>Total operating charge</b>	<b>1,039</b>	<b>933</b>
 <b>Analysis of pension finance income / (costs)</b>		
Expected return on pension scheme assets	155	112
Interest on pension liabilities	(310)	(261)
<b>Pension finance (costs)</b>	<b>(155)</b>	<b>(149)</b>

<b>Changes in the present value of defined benefit obligations were as follows:</b>	<b>2016 £000</b>	<b>2015 £000</b>
Scheme obligations at 1 September	7,658	6,626
Current service cost	884	784
Interest cost	310	261
Employee contributions	213	181
Actuarial loss (gain)	3,009	(111)
Benefits paid	(64)	(83)
<b>At 31 August</b>	<b>12,010</b>	<b>7,658</b>

<b>Changes in the fair value of the Academy Trust's share of scheme assets:</b>	<b>2016 £000</b>	<b>2015 £000</b>
Fair value of scheme assets at 1 September	3,552	2,584
Interest income	155	112
Actuarial gain (loss)	599	(24)
Employer contributions	907	782
Employee contributions	213	181
Benefits paid	(64)	(83)
<b>At 31 August</b>	<b>5,362</b>	<b>3,552</b>

### **19 Related party transactions**

Owing to the nature of the Academy Trust'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 member of the Directors has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

All Board Directors, LGB governors and finance and senior staff are required to complete a 'Declaration of interest' form and such declarations are made at the start of all committee meetings.

The Academy spent £49,963 with The Forter Partnership in the year to 31 August 2015. The Forter Partnership is a consultancy firm in which Susan Douglas (CEO) is a director. This arrangement was terminated with effect from 1 September 2015 such that no cost was incurred in the current reporting year.

The Friends of Grangewood for whom John Ayres is a Director, donated £2,000 (2015 - £1,250) during the accounting period. There were no outstanding balances at the end of the period. This is a separate entity which fundraises for the Academy Trust.

The spouse of the Head of School at Alexandra School is employed within the IT department. His earnings for the year were £5,177 (2015 - £4,931). The Governing Body interviewed for the role and decided on the hours and days worked (6 hours per week, 52 weeks per year). The Head of School at Alexandra declares an interest annually and includes her spouse in that declaration. In addition, at any Governing Body meeting where it might be relevant, the Head of School leaves the room when her spouse and his role are discussed.