

Registered number: 09065312

Smith's Wood Primary Academy Limited

Trustees report and financial statements

For the year ended 31 August 2016



Smith's Wood Primary Academy Limited
(A company limited by guarantee)

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Reference and administrative details of the Academy, its trustees and advisers
For the year ended 31 August 2016

Members	D Givens S Volante
Trustees	N Henderson*, (Chair of Trustees) M Vale^ Rev S Carter^ J Talbot*, (Principal) L Scott^ I Batigan* I Campbell*^ R Patel^ M Thompson^ C Lees^ V Hudson*^ C Sayer^ *members of the Finance Committee ^members of the Standards Committee
Company registered number	09065312
Company name	Smith's Wood Primary Academy Limited
Principal and registered office	Burtens Way Birmingham West Midlands B36 0SZ
Company secretary	S Volante
Senior management team	J Talbot, Principal D Givens, Deputy Principal V Hudson, Assistant Principal S Volante, School Business Manager
Independent auditors	Dains LLP 15 Colmore Row Birmingham B3 2BH

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Reference and administrative details of the Academy, its trustees and advisers
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Advisers (continued)

Bankers	Lloyds Bank Solihull Business Centre 355 Stratford Road Shirley, Solihull West Midlands B90 3BW
Solicitors	Mills & Reeve 78-85 Colmore Row Birmingham B3 2AB

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Trustees' report
For the year ended 31 August 2016

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

The trust operates an academy for students aged 3-11 serving a catchment area surrounding Smith's Wood, North Solihull. It has was originally built in 2009 for capacity of 420 and has a roll of 464 on the school census date in the summer term 2016.

Structure, governance and management

a. Constitution

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

The Trustees of Smith's Wood Primary Academy Limited are also the directors of the charitable company for the purpose of company law. The charitable company is known as Smith's Wood Primary Academy.

Details of the Trustees who served during the 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. Trustees' indemnities

Since the incorporation of the charitable company on 2 June 2014, the Trustees have been indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. As explained in Note 11 to the financial statements the limit of this indemnity is £5,000,000.

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Trustees' report (continued)
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d. Method of recruitment and appointment or election of Trustees

The processes for appointing or electing the various types of trustee at Smith's Wood Primary Academy Limited are as follows:

1) Co-opted Trustees

A 'Co-opted Trustee' means a person who is appointed to be a Trustee by being co-opted by Trustees who have not themselves been so appointed.

The Trustees may not appoint an employee of Smith's Wood Primary Academy Limited as a Co-opted Trustee if the number of Trustees who are employed by the School (including the Head of School) would thereby exceed one third of the total number of Trustees.

2) Parent Trustees

Parent Trustees are elected by parents of registered students at the Academy. A Parent Trustee must be a parent or carer of a student at the Academy at the time of when he / she is elected. Parent Trustee vacancies are filled through an election process.

The number of Parent Trustees required shall be made up by Parent Trustees appointed by the Board of Trustees, if the number of parents standing for election is less than the number of vacancies.

The Articles of Association require that there shall be a minimum of two Parent Trustees.

3) Staff Trustees

Up to three Staff Trustees can be elected by the school staff as individuals, representative of the staff of the school. Both teaching staff and support staff paid to work at the school are eligible for staff Trusteeship. At Smith's Wood Primary Academy Limited two Staff Trustees are elected from the teaching staff; in addition the Head of School is a Staff Trustee. The number of Staff Trustees must not exceed one third of the total number of Trustees.

4) Community Trustees

Up to six Community Trustees can be appointed by the Members of the Academy Trust.

e. Policies and procedures adopted for the induction and training of Trustees

Following their appointment/election all new Trustees receive an introduction to their role from the Chairman and Head of School. There is an opportunity to tour the school and meet the members of the Management Team. The Clerk to the Trustees provides an induction pack for all new Trustees and liaises with them to ascertain their preference in Committee membership.

The Board of Trustees at Smith's Wood Primary Academy Limited is committed to providing adequate opportunities for Trustees to undertake and receive suitable training so as to enable them to undertake their role more effectively. The Board of Trustees allocates an annual budget for Trustee training and collectively decides on the most appropriate training necessary. Trustees with specific roles within the Board of Trustees are strongly encouraged to undertake training as required, e.g. Finance, Budget forecasting and monitoring, Safeguarding, Child Protection and Safer Recruitment. There is a nominated Trustee who undertakes the responsibility of reviewing training opportunities and makes recommendations to the Board of Trustees. The nominated Trustee liaises with the School Business Manager and Chair of Trustees.

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Trustees' report (continued)
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f. Organisational structure

Before conversion to academy status on 1 July 2014 Smith's Wood Primary Academy Limited was a local authority maintained school. The additional responsibilities of the Board of Trustees of the Academy Trust have been recognised and the structure amended accordingly.

At Smith's Wood Primary Academy Limited the majority of the roles and responsibilities of the Board of Trustees have been delegated to one of two committees, as defined by the Board of Trustees' Terms of Reference. Responsibilities for which the full Board of Trustees has retained responsibility are defined in the Board of Trustees' Terms of Reference.

Members of the Management Team, in addition to the Head of School, attend Trustees' Committee meetings and full Board of Trustees meetings as appropriate. Individual members of the Management team are identified as a Lead Professional for each of the Committees.

The Trustees are responsible for the strategic management of the school; deciding and setting key foci for the school. These include strategic direction, annual budget, senior staff appointments and policy changes. Strategic and operational leadership is the responsibility of the Head of School and the Management Team. Leadership is carried out at a number of levels throughout the school i.e. Senior Management Team, Middle Leaders, Heads of House, Subject Leaders, Support Staff Leaders and Student Leaders.

School policies are developed by senior members of the school's staff to reflect both statutory requirements and the strategic direction agreed by the Trustees. These policies are reviewed by the Trustee Committees, approved and adopted by the Board of Trustees and implemented with appropriate procedures by the Management Team and other designated members of staff.

The Board of Trustees meet once per term and each sub-committee meet twice per term. The Board of Trustees Committee structure consists of the following:- Standards (Professional Lead: Principal of School), Finance (Professional Lead: School Business Manager).

g. Pay policy for key management personnel

Remuneration for key management is set by the remuneration committee at the start of each school year in accordance with Solihull Metropolitan Borough Council guidelines. Changes in remuneration are based on the performance of the Principal and Deputy against objectives for the prior year.

h. Connected organisations, including related party relationships

North Solihull Unity Collaborative

Smith's Wood Primary Academy Limited is an associate member of this collaborative of 21 primary and secondary schools serving the communities of North Solihull, East Birmingham and North Warwickshire.

Objectives and Activities

a. Objects and aims

The principal object and activity of the charitable company is the operation of Smith's Wood Primary School to provide education for students between the ages of 3 and 11.

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b. Strategies and activities for achieving objectives

The Academy Trust was set up on 2 June 2014 to advance education in Smith's Wood, North Solihull. The school was built in 2009; two local primary schools Bosworth Wood and Kingfisher closed and were replaced by Smith's Wood Primary School. The school offers a broad based curriculum, breaking down barriers to learning. This reflects the school's ethos by ensuring all pupils reach their full potential.

The initial objective was to ensure a smooth and seamless conversion from a maintained school to an academy. In doing this the Trustees have carefully planned short, medium and long term developments whilst maintaining the highly valued traditional ethos and values across the community.

During 2015 - 2016 the main objectives of the school were to improve the quality of teaching and learning; thus improving student attainment and achievement.

The aims of the school are based on our motto '**Challenge, Support, Progress**'.

The Smith's Wood Charter' provides a series of statements that explain the entitlement for students who attend Smith's Wood Primary Academy; the charter states:

Working in partnership with parents and carers, staff and governors will aim to;

- Create a **safe, secure orderly and accessible** learning environment.
- Deliver **exciting, purposeful learning and teaching** opportunities both **inside, outside and beyond the classroom**, through a **vibrant curriculum**.
- Set clear and **consistent expectations** for behaviour, centred around **mutual respect**.
- Develop **independence and self-respect** amongst our children.
- Create a **bright, stimulating, interactive** place to learn.
- Develop **positive links and communication** between home, governors and the wider community to support children's learning.
- Provide an **inclusive** environment in which all children can succeed

'CITIZENS OF THE FUTURE, UNITED IN OUR COMMUNITY'

Our aim for every child is that they should:

- Make good progress.
- Enjoy learning.
- Develop lively enquiring minds.
- Be able to work with others as part of a team.
- Embrace new technology, alongside traditional skills.
- Show care and respect for the environment and contribute to the community.

We encourage all teachers and support staff to create a positive, forward looking, professional workplace in which team work is central, expertise and strengths are shared and when calculated risks are taken.

'MORE THAN A SCHOOL'

The 2014 - 2015 School Improvement Plan objectives and actions have been reviewed and have informed objectives for 2015 - 2016. (In addition please see Post Ofsted Action Plan which links specifically to action points from Ofsted February 2014).

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Trustees' report (continued)
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Development Plan Objectives for Academic Year 2015-16

Achievement:

- Increase rates of progress particularly by end of reception to be in line with the national average.
- Improve achievement in all Key Stages
- Improve achievement at Year 6 to outstanding
- Improve achievement for key groups (boys, more able and Pupil Premium)

Teaching and Learning:

- Challenge for all groups to achieve at the highest levels
- Marking and assessment enables students to make outstanding progress
- Impact of professional development on improving our teaching and learning profile with increased outstanding teaching

Leadership and Management:

- Further develop impact of SMT (Senior Management Team) and subject leaders through distributed leadership
- Further develop leadership of early years and foundation stage so teaching is consistently good or better and quality assurance
- Improve effectiveness of governing body

Behaviour and Safety

- Embed outstanding learning behaviours
- Improve provision DSEN (Disabilities and Special Educational Needs) to outstanding

c. Public benefit

The Trustees have considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by Smith's Wood Primary Academy Limited is the maintenance and development of a quality education provided by the school. It is the Trustees' aim to deliver outstanding learning to all of its students during the journey of improvement towards excellence. It is a priority to ensure the public benefit for all young people in the area of Smith's Wood and its surrounding areas.

In doing this, Smith's Wood Primary Academy Limited not only offers a broadly based academic education but aims to educate the whole individual. A very wide-range of extra-curricular activities and educational trips and visits are offered to students.

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Achievements and performance

a. Key performance indicators

Progress against 2015/16 objectives

Teaching

- Teaching profile has improved to 96% Good or better in the new Ofsted framework
- Teaching in core subjects has improved and new teachers/leaders recruited in core subjects
- A whole school focus on marking and assessment with teacher/student dialogue as a means of ensuring students know how to improve is an emerging strength and a key area of focus in 2015/16
- Mixed year Learning Clusters facilitates Joint Practice Development and ensures quality assurance processes are robust

Achievement

- SATS results have improved across a range of subjects but also leave room for improvement
- Pupil Premium interventions are a key focus
- Forensic analysis of data at student, class and cohort level ensures effective intervention
- Teachers using learning plans to ensure planning for progress
- Data is scrutinised and data team strengthened to support communication of data to stakeholders

Key Performance Indicators Key Stage 1

	% at Expected Standard or Above				% Working at Greater Depth			
	Reading	Writing	Maths	SPAG	Reading	Writing	Maths	SPAG
All	83%	81%	88%	81%	14%	15%	15%	17%
Pupil Premium	80%	73%	80%	80%	20%	19%	27%	20%
Boys	77%	77%	84%	75%	10%	7%	16%	9%
Girls	89%	88%	93%	88%	18%	24%	14%	26%
SEN	45%	36%	27%	27%	9%	0%	9%	0%

Key Performance Indicators Key Stage 2

	% at Expected Standard or Above					% Working at Greater Depth
	Reading	Writing	Maths	SPAG	Secondary Ready (Reading, Writing & Maths combined)	Writing
All Pupils (Smith's Wood)	70%	89%	91%	88%	70%	16%
All pupils (National)	66%	74%	70%	72%	53%	
All pupils (Solihull)	70%	79%	72%	77%	58%	
Boys	65%	88%	89%	85%	62%	
Girls	76%	91%	94%	91%	70%	
PP	73%	85%	89%	85%	73%	
SEN	47%	80%	66%	73%	40%	
More able	100%	100%	100%	100%	100%	

Achievement of identified groups

Ofsted Inspection – February 2014

The school received a full Section 5 inspection in February 2014. The vast majority of teaching being observed as Good with some Outstanding, we were graded Good in all categories. The Trustees and school leaders were pleased that the school achieved such a positive report.

Key Strengths from the inspection included:

- The inspectors recognised that 'there have been recent improvements in teaching and progress, particularly in English.'
- Teaching has improved and 'there are examples of good teaching across a range of subjects.'
- The inspectors were full of praise for our students stating 'They are attentive in lessons and work hard. They behave sensibly around the school at all times.'
- The inspectors recognised the positive ethos of the school and the way in which we develop students; is of a high quality.'
- The school has been very successful at closing the gap between its least able pupils and the rest. The progress of disabled pupils and those who have special educational needs is meticulously monitored. Many of the programmes for individual pupils are of outstanding quality and help these pupils to achieve well. Some make excellent progress.
- The inspectors recognised how the school is ensuring teachers perform to their best; 'The management of teachers' performance is thorough and leaders and governors ensure that no one is rewarded for poor performance.'

The key areas for improvement, which form the basis of our Post Ofsted Action Plan and the focus of subsequent monitoring visits, were as follows:

Improve the quality of teaching, especially, so that it is consistently good and that all groups of students make at least good progress by:

- ensuring that teachers have higher expectations of students of all abilities and challenge all students to make expected and better than expected progress
- ensuring that marking and assessment systems are consistently applied across the school so that students can regularly make amendments and improvements to their work following feedback from teachers and other adults
- making sure that all teachers check students' performance carefully, especially that of boys and those students supported by the pupil premium funding, to spot any underachievement.

Improve the impact that leaders and managers, including governors, have on improving teaching and achievement, by:

- ensuring that the recently introduced systems for checking students progress are used effectively by all staff and that the information that is obtained from these checks is well understood by staff, leaders and governors.

HMI gave clear action points to ensure that we continue to make rapid progress towards Outstanding. The report identifies that the academy needs to take further action in the following areas:

- Ensure that areas for improvement within the post Ofsted action plan are clearly matched to specific actions so that progress against these can be monitored effectively.
- Clarify the way in which monitoring and review are presented in improvement planning so that it is clear who is responsible for each stage.
- Ensure that the role of the governing body in reviewing progress is made absolutely clear

The report confirms that school leaders are focusing on the right things to improve the school. The focus on teaching has been correct: 'You, your leaders, members of the governing body and the Executive Head of School have a strong shared vision of what needs to be done in order to ensure that all students at this academy have a high quality education with good teaching at the core of that provision.' However, the gains

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being seen in improving teaching, such as in the introduction of tiered learning intentions and increased rigour in applying the school marking policy, are not yet consistent across the academy and this will continue to be the focus of leaders.

a. Financial Performance Indicators

The Trustees of the Academy Trust agreed the following key financial performance indicators for 2015 - 2016:-

•Achieving a balanced budget at year-end

The Trustees monitor the financial position on a half-termly basis by reviewing financial year-end projections.

•Benchmarking expenditure against other similar organisations

Benchmarking information provided by the Department for Education has been reviewed by Trustees on an annual basis to make comparative judgements on a £ spend per student basis. Comparisons are made with similar schools and academies to review various aspects of expenditure and income.

•Maintaining current level of reserves

The school has maintained a similar level of reserves at the end of this accounting period.

•Achieving value for money through effective financial management procedures

The school complies with the Finance Policy as adopted by the Board of Trustees in 2014. Visits by an independent external Responsible Officer have verified the procedures of financial management and internal control to achieve value for money.

•Maintain a positive cash flow with sufficient cash balances to cover monthly expenditure

Monitoring of cash flow throughout the year has secured sufficient cash balances to ensure cash balances to cover monthly expenditure.

b. Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the 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 Accounting Policies.

Financial review

a. Reserves policy

Under its Deed of Variation to the Funding Agreement with the Secretary of State for Education Smith's Wood Primary Academy Limited is allowed to hold reserves at the end of the year as specified in the current Academies Financial Handbook.

The Trustees of the Finance Committee has reviewed these reserve levels and believe that they should provide sufficient working capital to cover delays between spending and receipt of grants and to allow for unexpected situations such as urgent maintenance work. Under normal circumstances the Trustees would aim to maintain reserves of between 5% and 10% of GAG as an appropriate cushion.

As at 31st August 2016 the school had reserves based upon its GAG of around 53% (2015 - 33%) (i.e. for recurrent expenditure 33% (2015 - 10%) and 20% (2015 - 23%) for expenditure of a capital nature).

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b. Investments policy

Apart from the cash held for the operation of the school, Smith's Wood Primary Academy Limited has no realisable investments. With respect to its cash holdings the Board of Trustees has adopted a low risk strategy. The school maintains a current account and an investment account with the school's bankers. The Trustees will review its investments for forthcoming financial years to ensure maximum efficiency for cash balances.

c. Principal risks and uncertainties

The Trustees conduct an annual review of its Risk Register to consider whether risk review procedures cover fundamental strategic and reputational, operational, compliance, financial and other risks to achieving the school's objectives. The academy's key strategic risks include:-

- Staff Retention
- Breach of Data Protection
- Litigation and legislative changes
- Pension deficit
- Fall in levels of academic achievement
- Failure to meet academic objectives
- Detrimental media publicity
- Failure of internal financial controls
- Fraud
- Health and safety of students and staff
- Weak governance

Under FRS102 Section 28, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided for support staff, to an unrestricted fund. This results in reducing the reserves shown in the total funds of the Academy. It should be noted that this does not present the Academy with any current liquidity problem. The Academy is currently paying an increased employer contribution rate to reduce this deficit.

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d. Financial risk management objectives and policies

The majority of the school's income is received from the Department for Education via the Education Funding Agency in the form of the General Annual Grant (GAG); the use of which is restricted to particular purposes i.e. the objectives of the Academy Trust. The GAG received during the period covered by this report and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The school has directed income to specifically targeted areas to raise standards. The Trustees approved a new staffing structure for implementation in September 2014 where additional leadership and expertise in the core subjects was implemented.

£8,959 (2015 - £3,707) was received as a Devolved Formula Capital Grant (DFC); the DFC received is shown in the Statement of Financial Activities (SOFA) as restricted fixed asset funds.

On conversion on 1 July 2014, all of the fixed assets of the former maintained school were transferred to the new Academy Trust, and are shown as restricted asset funds. The balance sheet restricted asset fund is reduced by depreciation charges over the expected useful life of the assets concerned.

Expenditure for the period covered by this report was covered by the GAG received from the DfE and other income, such as voluntary income, activities for generating funds and investment income i.e. bank interest.

The combined General Restricted Fund and Unrestricted Fund show an operating surplus, before the actuarial losses on defined benefit pension schemes, of £296,997 (2015 - £772,076). This operating surplus is the result of detailed and tight budgeting and budget control procedures which were inherited from the former maintained school, and which have been firmly embedded in the Academy Trust's daily financial management in accordance with its financial procedures and the Academies Financial Handbook.

Plans for future periods

a. Future developments

Smith's Wood Primary Academy Limited will continue to work to improve the achievements of its students at all levels, not only in academic subjects but also in extra-curricular activities and in essential life skills, to increase the variety of opportunities open to its students when they move on to higher education and the world of work.

Smith's Wood Primary Academy Limited aims to extend its work in the local community and within local primary partner schools.

The Trustees consider that robust financial management has enabled investment in learning resources and the learning environment to meet strategic development priorities. Trustees also recognise the importance of a long-term strategic plan, which meets both the Learning Strategy and the Condition Survey needs for maintenance and development of the environment.

Funds held as custodian

During the period from 1 September 2015 until 31 August 2016 Smith's Wood Primary Academy did not hold any funds as a custodian trustee on behalf of any other charitable organisation.

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Trustees' report (continued)
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Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Academy carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Academy has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Academy's Equal opportunities policy, the Academy has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Academy's offices.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

Auditors

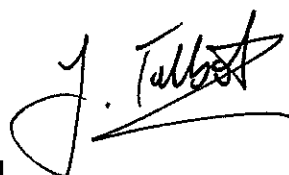
The auditors, Dains LLP, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

This report was approved by order of the Board of Trustees as the company directors, on 9 December 2016 and signed on its behalf by:



N Henderson
Chair of Trustees

J Talbot
Principal



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Governance Statement

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the 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 Smith's Wood Primary Academy Limited and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 3 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
N Henderson, (Chair of Trustees)	2	3
J Talbot, (Principal)	3	3
Rev S Carter	3	3
M Vale	2	3
L Scott	2	3
I Batigan	2	3
I Campbell	2	3
R Patel	3	3
M Thompson	3	3
C Lees	3	3
V Hudson	3	3
C Sayer	1	1

The Trustees will review their performance and capacity by undertaking a self-evaluation of governance in November 2016. Trustees identified areas of governance of high significance. Trustees offer challenge on a termly basis on the progress of the quality of teaching, pupil premium and the measure of narrowing the gap, behaviour, attendance, financial matters and budget monitoring and forecasting, health and safety compliance and testing. Trustees have investigated establishing a system of linking individual Trustees to departments, including support staff. Trustees receive feedback on performance management outcomes and review, consider and approve changes to staffing structures.

The Trustees next self-review will be undertaken in early 2017.

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Governance Statement (continued)

The **Finance Committee** is a sub-committee of the main Board of Trustees. Its purpose is to recommend the annual budget to the Board of Trustees and subsequently monitor income and expenditure against the approved budget. The Committee receive written reports from the School Business Manager each half term, with recommendations for consideration. A constant review of anticipated end of year financial position is undertaken through the year.

One member of the Committee is a qualified accountant.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
N Henderson	3	5
J Talbot	5	5
I Batigan	4	5
I Campbell	3	5
V Hudson	5	5

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 Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by:

Improving educational outcomes for our children remains our key priority. Children enter Smith's Wood Primary Academy, on average well below national average. By the time children leave the school, on average, they are performing above national average expectations. Outstanding levels of attainment are achieved in many areas of the school, alongside rapid rates of progress. Significant barriers to learning are overcome (63% FSM 2015- 2016), with all groups of pupils outperforming national average levels by the end of KS2. This is evidence of the school effectively deploying resources to ensure good value for money. The Academy has taken the following steps to support school improvement for our students and to raise their attainment and aspirations. The Academy is committed to supporting our children achieving their full potential through academic achievement, extra-curricular opportunities and extended learning to develop the whole person to help prepare them for higher education.

Key areas for improvement 2015- 2016

Raise levels of attainment (with particular emphasis on high performing pupils)

Raise levels of attendance (target 95.4%)

Improve quality of teaching (84% of teaching to be good or better)

Targeted improvement has focussed on disadvantaged pupils, with additional intervention initiatives helping to effectively close the gap (see data below). A wide range of intervention groups cover many groups within the school, although there has been a particular emphasis on the progress of more able pupils and the progress of individuals in phonics. The impact of these initiatives is documented below.

Ofsted (2014) recorded that the teaching of phonics at the school was "outstanding" and that programmes for individual pupils were also "outstanding". The very effective use of funding to close gaps in attainment for disadvantaged pupils has been recognised nationally (Pupil Premium Award 2013).

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Governance Statement (continued)

Targeted improvement: The Academy has a robust tracking system for monitoring achievement and is continually looking at how data can inform staff in order for them to support and extend the learning of the children. We have employed skilled staff to support our school improvement agenda and we involve all our teams in focusing on the children's' learning needs and encourage innovation and creativity to meet those needs.

Focus on individual children: The Academy offers children a comprehensive support service and specialist learning provision. Children benefit from 1:1 mentoring, small group work, external educational provision (where appropriate) and our experienced teams work with children to support their individual needs. The Academy rewards excellence and encourages positive behaviour. We celebrate achievement and encourage children to try new activities.

Diverse Curriculum: We recognise that children's' skills and knowledge are diverse, and it is necessary to differentiate the curriculum in order to make the most appropriate use of resources to meet children's' needs.

Collaboration: Smith's Wood Primary Academy is committed to working collaboratively to improve outcomes for all pupils. Examples of this collaboration are highlighted below;

Part of the Unity collaborative of local schools

Mentoring of senior staff in other schools

Providing positions for apprentices alongside local colleges (National Apprenticeship award winner 2014)

Teacher Training in partnership with local universities

Sharing good practice through presentations / seminars (Pupil Premium)

Quantifying improvements:

Evidence of attainment

Standards are above national average in all subjects at 4+ (92% 4+ in Reading, Writing and Maths compared to 79% nationally). Note that this figure is 88% for FSM pupils (compared to 67% nationally).

- Standards at the end of KS2 (2014), in terms of pupils achieving Level 4+ were above national average in all subjects.
- Standards achieved by SEN children are below that of the cohort average in terms of percentage achieving L4+. SEN children (L4+) levels of attainment are in excess of national averages (SEN) in all areas, with the exception of grammar, punctuation and spelling.
- Standards achieved by children having FSM (73% of the Y6 cohort are above the cohort average in terms of L4+. FSM children at L4+ are in excess of national average figures in all subjects, with "Sig+" achieved in maths, reading and grammar, spelling and punctuation.
- Standards achieved in reading at the end of KS2 (2014) are above average at L4+ (97%) and average at L5+ (50%).
- Standards achieved in writing are above average at L4+ (92%) and above average at L5 (44%)
- Standards in maths are above average at L4+ (97%) and above average at L5 (50%)

Attainment at the end of KS1 has risen each year for the past 3 years with a significant rise evident in the APS for 2013 and also in 2014. Standards are now in excess of national standards in all subjects (APS).

Standards at 2B+ are in excess of national average levels in all subjects. Standards at level 3 have continued to rise and are now broadly in line with national standards in reading and well above national average standards in writing and maths.

Governance Statement (continued)

In the five years that the school has been open there is a clear upward trend in terms of attainment at the end of KS2. For example, 50% of pupils achieved 4+ in English and Maths in 2010, whereas in 2012 this figure rose to 81% (above the national average figure of 74%). While this specific method of measure changed in 2013, the maths, reading and writing percentage (78%) was 3% above the national average. By 2014 the maths, reading and writing percentage reached 92% - 13 % above the national figure.

The data (end of KS2 2014) shows that at L5, in reading, writing and maths, standards are above national average levels. (Reading 50% compared to 49% nationally, Maths 50% L5 compared to 42% nationally, writing 44% compared to 33% nationally).

Pupils' achievement in reading (KS1)

Pupils' achievement in reading at the end of KS1 has risen each year that the school has been open.

In 2014, 88% of pupils achieved 2B+ in reading—a figure in excess of the national average (81%). Considering that pupils enter the school well below national average standards, progress may be considered to be outstanding.

At level 3, standards in reading are broadly average levels with 27% of pupils achieving the above average level, compared to a national average of 31%. Note that the data shows a year on year improvement since the school opened. It should also be considered in terms of standards achieved at the end of FKS which highlight relatively low levels of attainment at above average levels.

Standards in reading (KS1 APS) show a pattern of rising standards that are now above the national APS. (APS 17, reading 2014, national average 16.5)

In summary, standards in reading at the end of KS1 are rising and are in excess of national average figures at 2B+. There has been a clear upward trend since the school opened.

The school's own analysis of pupil reading ages shows a clear upward trend in standards, with increasing numbers of pupils exhibiting a reading age in line or above their chronological age. Indeed, data for the period Jan 14-Jul 14 shows that across KS1, an average of 14 months progress was made. By this measure, progress was rapid. A similar pattern is evident throughout the school, reflecting the emphasis placed on raising standards in reading.

Rates of progress are improving in terms of published data. In 2014 (end of KS2) 100% of pupils made 2 levels progress in reading, compared to 56% in 2010, reflecting a 44% improvement. Standards and progress are improving rapidly.

Y1 National Phonics Screening Test

In the Y1 phonics screening test, 94% of our Y1 pupils achieved the standard, up 4% on 2013. Note that this is 20 % higher than the national average figure. All groups of pupils achieved significantly higher than the national average levels. In particular FSM pupils (66%) achieved a figure of 96% - 22% higher than the national average for all pupils

Writing

The development of writing has also been a priority at Smith's Wood. All aspects of writing have been considered, with a particular emphasis on "VCOP" through "Big Write" training and the development of writing through other subjects. A particular focus has been made of the use of grammar in 2013-14.

Impact

100% of pupils made 2 levels progress in writing (end of KS2 2014)(93% 2013). This is in excess of national average figures. 86% made 2 levels progress in 2011 and 55% in 2010. Note that in 2010, 55% of pupils achieved 2 levels progress; transformation has been rapid. Additionally 35% of pupils (2014) achieved more than expected progress in writing.

Standards in writing have risen, and rates of progress have improved considerably.

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Governance Statement (continued)

Value added

Value added data trends over 3 years show a clear improvement in value added scores, with a "Sig +" recorded in all areas in 2014. Significantly, the school now has a percentile ranking of 6 in all subjects for value added. (see Raiseonline).

Value added data for all ethnic groups is in excess of the national average. Importantly, the largest groups in the school (White British and White and Black Caribbean) recorded a "sig+" compared to the overall national average as well as when compared to the national average for that group. The progress of these groups is outstanding.

When groups within the school are considered, all groups scored in excess of the group national mean except for statemented children (one child who subsequently moved to specialist provision).

In most cases, children within these groups achieved a "sig+" in relation to the national average for the group as well as the national average overall.

Progress of disadvantaged pupils - 2014 Raiseonline data, relating to Y6. 73% of this group were entitled to free school meals (FSM)

Reading

100% of disadvantaged pupils made expected progress in reading (the national figure for all pupils was 92%).

58% of disadvantaged pupils made more than expected progress (the national figure for all pupils was 34%).

Writing

100% of disadvantaged pupils made expected progress (the national figure for all pupils was 94%).

67% of disadvantaged pupils made more than expected progress (the national figure for all pupils was 34%).

Maths

96% of disadvantaged pupils made expected progress (the national figure for all pupils was 91%).

50% of disadvantaged pupils made more than expected progress (the national figure for all pupils was 38%).

Summary

Disadvantaged pupils at Smith's Wood made significantly better progress than the national cohort (all pupils) IN ALL SUBJECTS in 2014.

Financial governance and oversight: The Academy's Governing Body has strong oversight of the financial management of the budget. The Finance Committee meet regularly to review the financial position, to receive reports and to challenge decisions. Our external auditors review our financial processes and the role of Responsible Officer is undertaken by Dains to test our internal controls. The levels of delegation on spending proposals ensure we take the necessary steps to achieve best value.

The Full Governing Body approves the budget each year and is mindful of the need to balance expenditure against income to ensure the Academy Trust remains a 'going concern'. The Governing Body also receives and approves the Annual Accounts and External Auditors Management Report.

Better purchasing: The Academy uses compliant frameworks where appropriate, including tender processes to achieve best value for higher value procurement. On smaller value procurement, our Budget Holders are continuously looking for the most competitive deals using various procurement tools such as internet shopping, advice from other schools and economies of scale. We have a member of the finance team who specifically deals with procurement and is constantly checking for best value.

The Academy Is looking to benchmark its financial performance against other Solihull academy trusts to demonstrate that the Trust provides good value for money.

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Governance Statement (continued)

During the Academy conversion process, a transparent tender process was undertaken before the appointment took place of solicitors and auditors. A thorough review of Service Level Agreements took place prior to conversion, in respect of bought-in services and some changes were made. This process will be repeated each year, to ensure we are buying services cost effectively when balanced with the impact those services have. The school's iPad scheme was the subject of a detailed procurement process (involving the Government approved mechanism Crescent Purchasing) as was the Academy's insurance requirements in advance of conversion.

The Academy seeks guidance from external professionals and advisers, where appropriate. Governors have instructed senior leaders to seek advice on the future strategy of the school in respect of pupil numbers (capacity) as well as teaching areas (classroom space) and we expect to move some of these ideas forward shortly.

After the property transfer to the Academy (as part of the conversion process), we acquired rights to the (now) vacant caretakers bungalow. Also, a detailed Stock Condition Survey has been undertaken (at the expense of SMBC), which will enable Governors to plan effectively to look after the building in the most effective way (internal and external). Remedial internal re-decorations will be planned and we are in the process of re-establishing controls over the heating & ventilation systems. This will not only make the working environment more conducive to performing well, but there should be net savings in energy costs.

Personal development is always a key part of an improved performance and this is not just limited to teaching staff. The school recently undertook training for lunchtime supervisors, which has enabled us to have a more positive approach to lunchtimes. Several initiatives are planned to come to fruition. Lunchtime is a refuelling stop and a chance for children to let off steam, but the same levels of expectation as regards behaviour are expected as in the classroom. Initiatives in the dining hall and playground will help staff and children to have a more effective lunchtime experience.

Variable overhead costs are under constant review. For example, we have just implemented a software system 'Paper cut' for print/copy, which weekly budgets for staff – this will reduce unnecessary printing/copying, will significantly reduce our use of colour and overall will save money not only on use of machinery, but paper as well.

Fitness for purpose: The Academy has a cycle of review for its on-going services from external organisations to ensure those services continue to meet the needs of the school, are the best available to us at that time, and offer good value for money.

Tender exercises are regularly undertaken to ensure that high value contracts are assessed against the marketplace on a regular basis to ensure that long term contracts (3 to 5 years) remain competitive.

Better income generation: The Academy has limited scope to make lettings, in view of the current shared use arrangements with Smith's Wood Parish Council (SWPC). However, one area being monitored closely is the re-charge of shared costs related to the building to SWPC. This has included splitting business rates for the building. SWPC now pay 17% towards maintenance charges in shared use areas.

Reviewing Controls and Managing Risk: Monthly budget monitoring reports and management accounts are produced by the Business Manager. These reports are reviewed by the Principal and any remedial action taken to address any significant variances that may have an impact on the budget out-turn.

The Academy sees IT as an important area, both in terms of the impact on the curriculum teaching & learning as well as the need to understand developments in the marketplace. We have an in-house IT Network Manager to enable us to have a better knowledge base in school – we are reviewing the next steps here which might include taking even greater control over ICT development.

Lessons learned (reviewing operation to maximise use of resources): The Academy Leadership Team review expenditure with budget holders and make adjustments based on the effectiveness of strategies introduced in previous years, curriculum offer, and any new strategies identified in the Academy Improvement Plan.

Governance Statement (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Smith's Wood Primary Academy Limited for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Dains LLP, the external auditors, to perform additional checks.

The external auditors' role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the external auditors report to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

No material control issues arose as a result of the external auditors' work as planned.

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Governance Statement (continued)

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

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

Approved by order of the members of the Board of Trustees on 9 December 2016 and signed on their behalf, by:



N Henderson
Chair of Trustees



J Talbot
Accounting Officer

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Smith's Wood Primary Academy Limited I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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

A handwritten signature in black ink, appearing to read 'J Talbot', with a stylized flourish extending from the bottom right.

J Talbot
Accounting Officer

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Statement of Trustees' responsibilities
For the year ended 31 August 2016

The Trustees (who act as governors of Smith's Wood Primary Academy Limited and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the Members of the Board of Trustees on 9 December 2016 and signed on its behalf by:



N Henderson
Chair of Trustees

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Independent auditors' report on the financial statements to the members of Smith's Wood Primary Academy Limited

We have audited the financial statements of Smith's Wood Primary Academy Limited for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the 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 opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Independent auditors' report on the financial statements to the members of Smith's Wood Primary Academy Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Andrew Morris FCA (Senior statutory auditor)

for and on behalf of

Dains LLP

Statutory Auditor
Chartered Accountants

9 December 2016

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Independent reporting auditors' assurance report on regularity to Smith's Wood Primary Academy Limited and the Education Funding Agency

In accordance with the terms of our engagement letter dated 26 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 Smith's Wood Primary Academy Limited during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Smith's Wood Primary Academy Limited's accounting officer and the reporting auditors

The accounting officer is responsible, under the requirements of Smith's Wood Primary Academy Limited's funding agreement with the Secretary of State for Education dated 26 June 2014, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

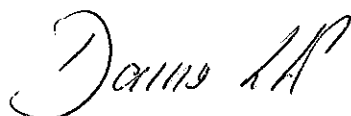
The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

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

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

Conclusion

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

A handwritten signature in black ink, appearing to read 'Dains LLP', is positioned above the printed name of the firm.

Dains LLP

Chartered Accountants

9 December 2016

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Statement of financial activities incorporating income and expenditure account
For the year ended 31 August 2016

		Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	12 months ended Total funds 2016 £	14 months ended Total funds 2015 £
	Note					
Income from:						
Donations & capital grants:						
Transfer from Local Authority on conversion	2	-	-	-	-	5,114,051
Other donations and capital grants	2	2,211	40,135	8,959	51,305	54,721
Charitable activities:						
Funding for the academy trust's educational operations	3	-	2,517,947	-	2,517,947	2,814,668
Other trading activities	4	17,897	22,759	-	40,656	46,039
Investments	5	2,492	-	-	2,492	2,751
Total income		22,600	2,580,841	8,959	2,612,400	8,032,230
Expenditure on:						
Charitable activities:						
Academy trust educational operations		25,467	2,280,977	131,342	2,437,786	2,792,857
Other charitable activities		-	86,455	-	86,455	1,000
Total expenditure	6	25,467	2,367,432	131,342	2,524,241	2,793,857
Net income / (expenditure) before transfers		(2,867)	213,409	(122,383)	88,159	5,238,373
Transfers between Funds	16	-	(61,411)	61,411	-	-
Net income / (expenditure) before other gains and losses		(2,867)	151,998	(60,972)	88,159	5,238,373
Actuarial losses on defined benefit pension schemes	20	(873,000)	-	-	(873,000)	(297,000)
Net movement in funds		(875,867)	151,998	(60,972)	(784,841)	4,941,373
Reconciliation of funds:						
Total funds brought forward		527,632	(1,041,653)	5,455,394	4,941,373	-
Total funds carried forward		(348,235)	(889,655)	5,394,422	4,156,532	4,941,373

The notes on pages 31 to 53 form part of these financial statements.

Smith's Wood Primary Academy Limited
(A company limited by guarantee)
Registered number: 09065312

Balance sheet
As at 31 August 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	12		5,826,623		5,498,191
Current assets					
Debtors	13	90,205		208,375	
Cash at bank and in hand		775,497		814,728	
		<u>865,702</u>		<u>1,023,103</u>	
Creditors: amounts falling due within one year	14	<u>(285,304)</u>		<u>(275,733)</u>	
Net current assets			<u>580,398</u>		<u>747,370</u>
Total assets less current liabilities			<u>6,407,021</u>		<u>6,245,561</u>
Creditors: amounts falling due after more than one year	15		<u>(21,489)</u>		<u>(32,188)</u>
Net assets excluding pension scheme liabilities			<u>6,385,532</u>		<u>6,213,373</u>
Defined benefit pension scheme liability	20		<u>(2,229,000)</u>		<u>(1,272,000)</u>
Net assets including pension scheme liabilities			<u><u>4,156,532</u></u>		<u><u>4,941,373</u></u>
Funds of the academy					
Restricted funds:					
Restricted funds	16	466,345		230,347	
Restricted fixed asset funds	16	5,394,422		5,455,394	
Restricted funds excluding pension liability		<u>5,860,767</u>		<u>5,685,741</u>	
Pension reserve		<u>(2,229,000)</u>		<u>(1,272,000)</u>	
Total restricted funds			<u>3,631,767</u>		<u>4,413,741</u>
Unrestricted funds	16		<u>524,765</u>		<u>527,632</u>
Total funds			<u><u>4,156,532</u></u>		<u><u>4,941,373</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 9 December 2016 and are signed on their behalf, by:

N Henderson
Chair of Trustees

The notes on pages 31 to 53 form part of these financial statements.

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Statement of cash flows
For the year ended 31 August 2016

		12 months ended 31 August 2016 £	14 months ended 31 August 2015 £
	Note		
Cash flows from operating activities			
Net cash provided by operating activities	18	417,034	890,074
Cash flows from investing activities:			
Dividends, interest and rents from investments		2,492	2,751
Purchase of tangible fixed assets		(467,716)	(85,054)
Capital grants from DfE/EFA		8,959	6,957
Net cash used in investing activities		(456,265)	(75,346)
Change in cash and cash equivalents in the year		(39,231)	814,728
Cash and cash equivalents brought forward		814,728	-
Cash and cash equivalents carried forward	19	775,497	814,728

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

Smith's Wood Primary Academy Limited constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

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

1.2 Going concern

The trustees have assessed 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 trustees have concluded that the Academy is a going concern and will continue to trade for the foreseeable future, which is at least 12 months from the date of approval of the financial statements.

1.3 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 Trustees.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

1. Accounting policies (continued)

1.4 Income

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

Grants are included in the Statement of Financial Activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

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

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.5 Expenditure

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

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

1. Accounting policies (continued)

1.6 Tangible fixed assets and depreciation

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

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	-	2% straight line
Motor vehicles	-	20% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	20% straight line

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.

1.7 Operating leases

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

1.8 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.

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 Debtors

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

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

1. Accounting policies (continued)

1.11 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.12 Liabilities and provisions

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

1.13 Financial instruments

The Academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1. Accounting policies (continued)

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1. Accounting policies (continued)

1.15 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

The preparation of the financial statements in conformity with generally accepted accounting principals requires the Trustees to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regard, the Trustees believe that the critical accounting policies where judgements or estimating are necessarily applied are summarised below.

Tangible fixed assets are depreciated over the useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

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For the year ended 31 August 2016

2. Income from donations and capital grants

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	12 months ended Total funds 2016 £	14 months ended Total funds 2015 £
Transfer from Local Authority on conversion	-	-	-	-	5,114,051
Donations	2,211	-	-	2,211	1,401
Capital Grants	-	-	8,959	8,959	6,957
Trip income	-	40,135	-	40,135	46,363
Subtotal	2,211	40,135	8,959	51,305	54,721
Total donations and capital grants	2,211	40,135	8,959	51,305	5,168,772

In 2015, of the total income from donations and capital grants, £522,459 was to unrestricted funds and £4,646,313 was to restricted funds

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Notes to the financial statements
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3. Funding for Academy's educational operations

	Unrestricted funds 2016 £	Restricted funds 2016 £	12 months ended Total funds 2016 £	14 months ended Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	1,964,806	1,964,806	2,303,355
Pupil Premium	-	335,828	335,828	336,217
Other EFA Grants	-	65,882	65,882	37,172
	-	2,366,516	2,366,516	2,676,744
Other government grants				
Nursery Funding	-	110,728	110,728	90,899
Insurance income	-	6,327	6,327	13,312
Special Education Grants	-	27,938	27,938	16,259
	-	144,993	144,993	120,470
Other funding				
Other grants	-	6,438	6,438	17,454
	-	6,438	6,438	17,454
	-	2,517,947	2,517,947	2,814,668

In 2015, of the total income from charitable activities, £ *NIL* was to unrestricted funds and £2,814,668 was to restricted funds.

4. Other trading activities

	Unrestricted funds 2016 £	Restricted funds 2016 £	12 months ended Total funds 2016 £	14 months ended Total funds 2015 £
Hire of facilities	15,071	-	15,071	16,749
School goods income	2,560	-	2,560	3,070
Before and after school income	-	21,945	21,945	23,242
Other income	266	814	1,080	2,978
	17,897	22,759	40,656	46,039

In 2015, of the total income from other trading activities, £22,240 was to unrestricted funds and £23,799 was to restricted funds.

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5. Investment income

	Unrestricted funds 2016 £	Restricted funds 2016 £	12 months ended Total funds 2016 £	14 months ended Total funds 2015 £
Short term deposits	2,492	-	2,492	2,751

In 2015, of the total investment income, £2,751 was to unrestricted funds and £ NIL was to restricted funds.

6. Expenditure

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising funds					
Academy's educational operations:					
Direct costs	1,531,325	100,400	256,940	1,888,665	2,165,440
Support costs	292,800	99,742	243,034	635,576	627,417
	<u>1,824,125</u>	<u>200,142</u>	<u>499,974</u>	<u>2,524,241</u>	<u>2,792,857</u>

In 2016, of the total expenditure, £25,467 (2015 - £19,818) was to unrestricted funds and £2,498,774 (2015 - £2,773,039) was to restricted funds.

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7. Charitable activities

	12 months ended Total funds 2016 £	14 months ended Total funds 2015 £
Direct costs - educational operations		
Wages and salaries	1,239,731	1,508,269
National insurance	85,627	92,347
Pension cost	205,967	195,024
Depreciation	100,400	108,850
Pension income	48,000	52,000
Educational supplies	63,064	50,668
Staff development	27,066	27,901
Technology costs	24,776	30,352
Educational consultancy	12,425	13,650
Travel and subsistence	41,273	48,553
Other direct costs	21,846	21,237
Supply teacher insurance	18,490	17,589
	<u>1,888,665</u>	<u>2,166,440</u>
Support costs - educational operations		
Wages and salaries	214,531	212,265
National insurance	9,822	8,124
Pension cost	68,446	54,743
Depreciation	38,889	17,771
Staff development	800	3,394
Technology costs	2,690	8,462
Travel and subsistence	3,245	3,270
Other direct costs	51,009	60,833
Maintenance of premises	22,922	27,456
Maintenance of equipment	23,050	10,186
Cleaning	8,017	12,505
Rates	5,612	25,012
Energy	58,626	53,318
Insurance	14,854	20,307
Catering	101,780	82,505
Governance costs	11,283	27,266
	<u>635,576</u>	<u>627,417</u>
	<u><u>2,524,241</u></u>	<u><u>2,793,857</u></u>

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For the year ended 31 August 2016

8. Net incoming resources/(resources expended)

This is stated after charging:

	12 months ended 31 August 2016 £	14 months ended 31 August 2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	139,284	126,621
Auditors' remuneration - audit	5,620	5,100
Auditors' remuneration - other services	2,388	5,990
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Notes to the financial statements
For the year ended 31 August 2016

9. Staff costs

Staff costs were as follows:

	12 months ended 31 August 2016 £	14 months ended 31 August 2015 £
Wages and salaries	1,435,621	1,711,521
Social security costs	95,450	100,470
Operating costs of defined benefit pension schemes	274,414	249,767
	1,805,485	2,061,758
Supply teacher costs	18,640	9,014
	1,824,125	2,070,772

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

	12 months ended 31 August 2016 No.	14 months ended 31 August 2015 No.
Teachers	21	20
Administration and support	73	81
Management	4	4
	98	105

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

	12 months ended 31 August 2016 No.	14 months ended 31 August 2015 No.
In the band £70,001 - £80,000	1	1
In the band £90,001 - £100,000	1	0
In the band £100,001 - £110,000	0	1

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £263,000 (2015 for 14 months - £291,000).

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Notes to the financial statements
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10. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		12 months ended 31 August 2016 £	14 months ended 31 August 2015 £
J Talbot (Principal and trustee)	Remuneration	95,000-100,000	100,000-105,000
	Pension contributions paid	10,000-15,000	10,000-15,000
V Hudson (Staff trustee)	Remuneration	45,000-50,000	45,000-50,000
	Pension contributions paid	5,000-10,000	5,000-10,000
C Sayer (Staff trustee)	Remuneration	25,000-30,000	40,000-45,000
	Pension contributions paid	0-5,000	5,000-10,000

During the period, no Trustees received any reimbursement of expenses.

11. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £580 (2015 - £546).

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

12. Tangible fixed assets

	Long term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2015	5,526,645	25,208	27,909	45,050	5,624,812
Additions	415,673	-	22,904	29,139	467,716
At 31 August 2016	5,942,318	25,208	50,813	74,189	6,092,528
Depreciation					
At 1 September 2015	111,448	2,582	6,512	6,079	126,621
Charge for the year	109,515	5,042	9,889	14,838	139,284
At 31 August 2016	220,963	7,624	16,401	20,917	265,905
Net book value					
At 31 August 2016	5,721,355	17,584	34,412	53,272	5,826,623
At 31 August 2015	5,415,197	22,626	21,397	38,971	5,498,191

13. Debtors

	2016 £	2015 £
Trade debtors	999	992
Other debtors	12,047	27,325
Prepayments and accrued income	77,159	180,058
	<u>90,205</u>	<u>208,375</u>

14. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	117,082	159,294
Other taxation and social security	28,626	27,281
Other creditors	35,567	34,604
Accruals and deferred income	104,029	54,554
	<u>285,304</u>	<u>275,733</u>

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14. Creditors: Amounts falling due within one year (continued)

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	45,128	-
Resources deferred during the year	38,963	45,128
Amounts released from previous years	(45,128)	-
	<u>38,963</u>	<u>45,128</u>
Deferred income at 31 August 2016	<u>38,963</u>	<u>45,128</u>

At the balance sheet date the academy trust was holding funds received in advance for grant income for the autumn term 2016.

15. Creditors:
Amounts falling due after more than one year

	2016 £	2015 £
Other creditors	<u>21,489</u>	<u>32,188</u>

Included within creditors is a loan of £32,188 (2015 - £42,797) from Solihull Metropolitan Borough Council which is a loan inherited on conversion. The loan is repayable within 5 years and there is no interest payable.

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

16. Statement of funds

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
School building	400,000	-	(7,947)	(2,654)	-	389,399
General funds						
Unrestricted funds	127,632	22,600	(17,520)	2,654	-	135,366
Total Unrestricted funds	527,632	22,600	(25,467)	-	-	524,765
Restricted funds						
General Annual Grant (GAG)	223,758	1,964,806	(1,668,211)	(61,411)	-	458,942
Other DfE/EFA grants	-	401,710	(401,710)	-	-	-
Other government grants	-	144,993	(144,993)	-	-	-
Other grants	-	6,438	(6,438)	-	-	-
Other funding generated	-	62,080	(62,080)	-	-	-
School fund	6,589	814	-	-	-	7,403
Pension reserve	(1,272,000)	-	(84,000)	-	(873,000)	(2,229,000)
	(1,041,653)	2,580,841	(2,367,432)	(61,411)	(873,000)	(1,762,655)
Restricted fixed asset funds						
Gift from Local Authority	5,380,929	-	(100,252)	-	-	5,280,677
DfE/EFA Capital Grants	6,029	8,959	(3,183)	-	-	11,805
Capital expenditure from GAG	68,436	-	(27,907)	61,411	-	101,940
	5,455,394	8,959	(131,342)	61,411	-	5,394,422
Total restricted funds	4,413,741	2,589,800	(2,498,774)	-	(873,000)	3,631,767
Total of funds	4,941,373	2,612,400	(2,524,241)	-	(873,000)	4,156,532

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

Restricted general fund

This fund represents grants and other income received for the Academy's operational activities and development.

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Notes to the financial statements
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16. Statement of funds (continued)

Pension reserve

This pension reserve included within restricted general funds represents the Academy's share of the pension liability arising on the LGPS pension fund.

Restricted fixed asset fund

This fund represents grants received from the DfE, EFA and Local Authority to carry out works of a capital nature.

Designated Funds

Designated funds comprise unrestricted funds that have been used by the directors for a particular purpose. The funds have been used for the construction of a new school building during the current financial period.

Transfers between funds

Transfers between funds relate to fixed asset purchases from GAG.

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

17. Analysis of net assets between funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	12 months ended Total funds 2016 £	14 months ended Total funds 2015 £
Tangible fixed assets	389,399	-	5,437,224	5,826,623	5,498,191
Current assets	135,366	730,336	-	865,702	1,023,103
Creditors due within one year	-	(263,991)	(21,313)	(285,304)	(275,733)
Creditors due in more than one year	-	-	(21,489)	(21,489)	(32,188)
Provisions for liabilities and charges	-	(2,229,000)	-	(2,229,000)	(1,272,000)
	524,765	(1,762,655)	5,394,422	4,156,532	4,941,373

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18. Reconciliation of net movement in funds to net cash flow from operating activities

	12 months ended 31 August 2016 £	14 months ended 31 August 2015 £
Net income for the year (as per Statement of financial activities)	88,159	5,238,373
Adjustment for:		
Depreciation charges	139,284	126,621
Dividends, interest and rents from investments	(2,492)	(2,751)
Decrease/(increase) in debtors	118,170	(208,375)
(Decrease)/increase in creditors	(1,128)	265,124
Capital grants from DfE and other capital income	(8,959)	(6,957)
Defined benefit pension scheme cost less contributions payable	36,000	13,000
Defined benefit pension scheme finance cost	48,000	52,000
Gift from Local Authority	-	(4,586,961)
Net cash provided by operating activities	417,034	890,074

19. Analysis of cash and cash equivalents

	12 months ended 31 August 2016 £	14 months ended 31 August 2015 £
Cash in hand	775,497	814,728
Total	775,497	814,728

20. Pension commitments

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Wolverhampton City Council. Both are Multi-employer defined benefit pension schemes.

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

Contributions amounting to £25,293 were payable to the schemes at 31 August 2016 (2015 - £23,905) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

20. Pension commitments (continued)

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £111,611 (2015 - £122,340).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £166,000 (2015 - £139,000), of which employer's contributions totalled £129,000 (2015 - £108,000) and employees' contributions totalled £37,000 (2015 - £31,000). The agreed contribution rates for future years are 13% for employers and 5.5% to 7.5% for employees.

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

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Notes to the financial statements
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20. Pension commitments (continued)

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions	2.00 %	2.40 %

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

	2016	2015
Retiring today		
Males	23.1	23
Females	25.8	25.6
Retiring in 20 years		
Males	25.3	25.2
Females	28.1	28

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	172	60
Debt instruments	45	17
Property	23	8
Other	50	14
Total market value of assets	<u>290</u>	<u>99</u>

The actual return on scheme assets was £33,000 (2015 - £4,000).

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

	12 months ended 31 August 2016 £	14 months ended 31 August 2015 £
Current service cost (net of employee contributions)	(165,000)	(121,000)
Net interest cost	(48,000)	(52,000)
Total	<u>(213,000)</u>	<u>(173,000)</u>

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20. Pension commitments (continued)

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

	12 months ended 31 August 2016 £	14 months ended 31 August 2015 £
Opening defined benefit obligation	1,371,000	920,000
Current service cost	165,000	121,000
Interest cost	55,000	55,000
Contributions by employees	37,000	31,000
Actuarial losses on liabilities	899,000	298,000
Benefits paid	(8,000)	(54,000)
Closing defined benefit obligation	2,519,000	1,371,000

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

	12 months ended 31 August 2016 £	14 months ended 31 August 2015 £
Opening fair value of scheme assets	99,000	10,000
Interest on assets	7,000	3,000
Return on assets less interest	26,000	1,000
Contributions by employer	129,000	108,000
Contributions by employees	37,000	31,000
Benefits paid	(8,000)	(54,000)
Closing fair value of scheme assets	290,000	99,000

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21. Operating lease commitments

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

	2016 £	2015 £
Amounts payable:		
Within 1 year	115,078	96,666
Between 1 and 5 years	2,208	3,312
Total	<u>117,286</u>	<u>99,978</u>

22. Related party transactions

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

No related party transactions took place in the period of account.

23. Members' liability

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

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24. First time adoption of FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 2 June 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

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

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

Reconciliation of total funds	Notes	2 June 2014 £	31 August 2015 £
Total funds under previous UK GAAP	A	-	4,941,373
Total funds reported under FRS 102		-	4,941,373

Reconciliation of net income	Notes	14 months ended 31 August 2015 £
Net income previously reported under UK GAAP		5,239,373
Change in recognition of LGPS interest cost	A	(1,000)
Net movement in funds reported under FRS 102		5,238,373

Explanation of changes to previously reported funds and net income/expenditure:

A Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expenditure. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised as an expense. The effect of the change has been to decrease net income by £1,000 and a decrease in the loss on the revaluation in other recognised gains by an equivalent amount. As a result, there has been no change in the defined benefit liability at either 2 June 2014 or 31 August 2015.