

**Eaton Bray Academy**  
**(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**  
**for the year ended 31 August 2017**

**Company Registration number: 07556185**  
**(England and Wales)**

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**Eaton Bray Academy**  
**Reference and Administrative Information**

Trust Board members and directors	Mr A Ganatra (Parent Governor) Mr D Thompson (Parent Governor) Mr S Haydon (Community Governor) Mr J McDermid (Parent Governor, appointed September 2016)
Trustees:	
Head teacher	Mrs S Hounslow
Staff governors	Mrs L Matthews (Early years representative) Miss S Raymond (Main school representative)
Parent governors	Mr M Whall Mrs C Alderman (appointed September 2017) Mr P Fisher (appointed September 2017) Mrs D Dean (appointed September 2017)
Community governors	Mr S Haydon Mrs C Wendeler (appointed January 2017)
Associate governors	Mrs H Healy (resigned July 2017) Mr E Hounslow
Ex Governors resigned during 2016/2017	Mr G Crutcher (deceased October 2016)
Senior management team:	
- Principal	Mrs S Hounslow
- Deputy Principal	Mrs L Matthews
- Assistant Head	Miss S Raymond (appointed September 2017)
- Assistant Head	Ms J Lyons (appointed September 2017)
- Assistant Head	Ms J Buckland (appointed September 2017)
Principal and Registered Office	Eaton Bray Academy School Lane Eaton Bray Bedfordshire LU6 2DT
Company Registration Number	07556185 (England and Wales)
Independent Auditor	CJM Audit Limited Floyds Barn, Mill Lane Wingrave Aylesbury HP22 4PL
Bankers	HSBC Bank plc 48 High Street Leighton Buzzard Bedfordshire LU6 1EE

**Eaton Bray Academy**  
**Reference and Administrative Information**

Solicitors

Schofield Sweeney  
Springfield House,  
76 Wellington Street,  
Leeds  
LS1 2AY

**Eaton Bray Academy  
Governors' Report (continued)**

## **Governors' Report**

The governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The trust operates as an Academy for pupils aged 5 to 11 and for pre-school children serving a catchment area of Eaton Bray and surrounding villages. It has a pupil capacity of 210 in the Main School and 60 in Pre-School. The Academy had a roll of 181 in the Main School at the end of the Summer term, with 52 children attending Pre-School (total 233).

## **Structure, Governance and Management**

### **Constitution**

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

The governors act as trustees for the charitable activities of the Eaton Bray Academy. Trust board members are the directors of the charitable company for the purpose of company law. The charitable company is known as Eaton Bray Academy.

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

### **Members' Liability**

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they ceased 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.

### **Governors' Indemnities**

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £10,000,000 on any one claim.

### **Method of Recruitment and Appointment or Election of Governors**

Trust Board Members, who are the directors of the charitable company for the purpose of company law, are nominated by either the Secretary of State for Education, the Chairman of the Governors, or by all the existing members. The Articles of Association require the trust board members to appoint a minimum of 3 and a maximum of 8 governors to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy. The Articles of Association contain provisions for the appointment of additional governors including staff governors, a local authority governor and parent governors. There is no maximum number of governors.

Governors are appointed for a fixed term of four years, but are eligible for re-election at the end of the fixed term.

The governing body currently comprises 3 trust board members (who are appointed as directors under Companies Act 2006), 2 associate governors whose appointments are determined by the trust board members), the head teacher and 2 staff governors (all employed by the Academy), and 2 parent governors (elected by the parents).

## **Eaton Bray Academy Governors' Report (continued)**

Associate governors are not governors but are appointed by the Governing Body to bring expertise and experience in specific areas to committees. Associate governors can attend full Governing Body meetings.

The head teacher is an ex-officio governor.

### **Policies and Procedures Adopted for the Induction and Training of Governors**

New governors receive induction training and support from the Clerk to the Governing Body. All governors are offered training opportunities through the Central Bedfordshire Governor Training Programme.

### **Organisational Structure**

The Governing Body roles and responsibilities are reviewed annually at the first meeting of the year.

The governors are organised into a number of committees who form policy to be agreed at main governing body meetings. The bodies comprise Estates, Personnel, Finance, School Improvement and the Independent Appeals Panel.

The governors are responsible for setting general policy, adopting an annual plan and budget and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Finance Committee is responsible for monitoring the Academy's financial performance by the use of budgets and maintains and regularly reviews the Finance Manual which details the financial processes to be followed within the Academy.

The external auditor to the Academy has been appointed to perform additional checks on the Academy's financial systems. The auditor makes regular reports to the Finance Committee who in turn report to the Governing Body.

All governors have access to all policies, procedures, minutes, accounts, budgets and plans that they need to discharge their duties.

The Governing Body approves the Statutory Accounts. Levels of authorisation of budget spend are detailed in the Academy Finance Manual.

The day-to-day management of the academy is delegated by the Governing Body to the head teacher who is the Accounting Officer. The head teacher is supported by the Finance Committee.

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

The Governing Body considers the Trust Board Members, the Head Teacher and the Deputy Head Teacher as comprising the key management personnel of the Academy in charge of directing and controlling the Academy and running and operating the Academy on a day to day basis. All Board Members give of their time freely and no trustee remuneration was paid in the year. Details of trustee expenses and related party transactions are disclosed in note 8 to the accounts.

The Head teacher's pay is reviewed annually and normally increased in accordance with average earnings and taking into consideration achievement against any specific performance measurement goals. In view of the nature of the charity, its economy of operations, and the extensive use of professional advisers to the trust board, the trustees consider that a multiple of up to three times the median average salary for UK employees is appropriate for this role. The remuneration is also benchmarked with grant-making charities of a similar size and activity to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles.

## **Eaton Bray Academy Governors' Report (continued)**

### **Related Parties and other Connected Charities and Organisations**

There are no related parties that either control or significantly influence the decisions and operations of Eaton Bray Academy. There are no sponsors.

The Academy continues to work closely with the Home School Association to further the principal activities of the academy.

### **Objectives and Activities**

#### **Principal Activities**

Eaton Bray Academy is a non-selective school that provides education for pupils of different abilities between the ages of 2 and 11. Pupils are drawn from the local area in accordance with the local authority's admission criteria.

Eaton Bray Academy's principal activity is specifically restricted to the following:

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

#### **Objects and aims**

The principal object and aims of the charitable company is the operation of Eaton Bray Academy.

In accordance with the Articles of Association, the Academy has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting pupils to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the Academy during the period ended 31 August 2017 are summarised below:

- create and maintain an enjoyable learning environment that is friendly, welcoming, caring and safe;
- develop self confidence and an enthusiastic and enquiring attitude towards, teaching learning and sharing;
- meet the individual child's needs by teaching a broad creative curriculum that emphasises literacy, numeracy and Information, communication skills;
- establish excellent relationships with the local community and wider world so that our children are active members of a global society;
- professionally develop the whole staff, encompassing new ideas and sharing individual learning in order to increase the range of experiences offered to the children;
- provide a well researched environment that is centred on the learning needs of all children;
- establish and maintain close links with the parents and families of the children who attend Eaton Bray;
- provide an excellent communication system, which includes the views of all adults and children involved with Eaton Bray.

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

The Academy's mission is to raise the achievement of all who work in the school through systematic planning, reviewing and developing in order to gain optimum attainment in life skills. To this end the activities provided include:

## **Eaton Bray Academy Governors' Report (continued)**

- well planned learning opportunities for all pupils to attain appropriate academic levels in EYFS and KS1/2 statutory assessments;
- professional development opportunities for all staff, and especially teaching staff;
- all staff to have annual performance management objectives set and reviewed;
- pupil and parent involvement in leadership decisions through the use of the School and Parent Councils;
- a broad and balanced creative curriculum provided for all pupils;
- opportunities for learning clubs during lunchtime to allow pupils to improve and develop;
- provide opportunities for before school (breakfast club 7.30 – 8.50) and after school extended learning clubs (3.30 – 5.30) to allow pupils to explore practical areas, purchased by the parents;
- talent spotting of all individuals on the staff including succession planning in order to further improve'; and
- provide a fully inclusive education available to all.

### **Public Benefit**

The Governing Body have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing their aims and objectives. All charitable activities are undertaken to further the charitable purposes for the public benefit.

### **Financial review**

#### **Financial and risk management objective and policies**

The Academy's financial objectives are:

- Applying at all times best value principles in all purchases;
- Monitoring and evaluating the value for money of all staff; and
- Preventing all areas of wastage.

These objectives were achieved in the period ending 31 August 2017.

#### **Financial report for the period**

The principal source of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. A high percentage of this funding is spent on teaching and other salaries to deliver the Academy's primary objective of the provision of education. The grants received from the EFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2017, total income was £1,018,101 (2016: £973,577) and expenditure was £1,105,725 (2016: £1,075,670). The deficit of income over expenditure for the period, before actuarial gains and losses, was £87,624 (2016: £102,093).

## **Eaton Bray Academy Governors' Report (continued)**

At 31 August 2017 the net book value of fixed assets was £1,375,779 (2016: £1,406,627) and includes the building of two new classrooms for years 5 and 6 in August 2013 and extension of the school's kitchen facilities in August 2014 in preparation of Universal Free School Meals. Movements in tangible fixed assets are shown in note 10 to the financial statements. The assets were used exclusively for providing education and the associated support services to pupils.

### **Financial position**

The Academy held fund balances at 31 August 2017 of £1,203,629 (2016: £1,200,253). This comprised restricted fixed asset funds of £1,375,779; restricted fund surplus of £14,276; unrestricted general fund deficit of £426 and pension reserve deficit of £186,000.

### **Going concern**

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

### **Reserves policy**

The Governing Body reviews the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Governing Body has determined that the appropriate level of combined unrestricted and restricted reserves (excluding restricted fixed asset reserves and before the pension scheme liability) should be equivalent to 2 to 4 weeks expenditure, approximately £40,000 to £80,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The Academy's total reserves at 31 August 2017 are as stated above. The combined unrestricted and restricted reserves at 31 August 2017 was £13,850. The present level of reserves currently falls short of the target level and the Governing Body's strategy to correct this is to build funds through planned operating surpluses over the next 12 to 36 months.

### **Investment Policy**

The academy holds surplus cash balances in an interest bearing deposit account with HSBC Bank plc.

## **Principal risks and uncertainties**

### **Risk Management**

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the operational areas of the site and facilities and of teaching and finance. The governors have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Academy continues to undertake work to develop and embed the system of internal control, including financial, operational and risk management that is designed to protect the Academy's assets and reputation.

Based on its mission, the Risk Management Group undertakes a review of the risks to which the Academy is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Academy. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation

## **Eaton Bray Academy Governors' Report (continued)**

actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the Academy.

A risk register is maintained at the Academy level which is reviewed at least annually by the Finance Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Academy and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by a risk management training programme to raise awareness of risk throughout the Academy.

Outlined below is a description of the principal risk factors that may affect the Academy. Not all the factors are within the Academy's control. Other factors besides those listed below may also adversely affect the Academy.

### **1. Government funding**

The Academy has considerable reliance on continued government funding through the EFA. In 2016/2017, 89% of the Academy's incoming/outgoing resources were ultimately publicly funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements;
- Ensuring the Academy is rigorous in delivering high quality education and training; and
- Considerable focus and investment is placed on maintaining and managing key relationships with the EFA.

### **2. Maintain adequate funding of pension liabilities**

The financial statements report the share of the pension scheme deficit on the Academy's balance sheet in line with the requirements of Financial Reporting Standard (FRS) 102. This deficit relates to non-teaching staff who are members of the Central Bedfordshire Pension Fund. At 31 August 2017 the deficit amounted to £186,000 (2016: £242,000).

The pension scheme liability is an on-going liability that is not expected to crystallise until the retirement of the employees in the scheme. The Academy makes contributions to the scheme on behalf of its employees. The contributions are determined by the scheme's actuaries and are designed to eliminate the deficit over the estimated future working lives of the employees in the scheme.

## **Strategic Report**

### **Achievements and Performance**

We believe that last year, although a difficult one, was a very successful one.

Our Ofsted visit finally came and we discovered after such a long wait that an inspection was now quite different. Many of the areas they highlighted were already on our radar and indeed in our SDP but we had not gone far enough and so lacked sufficient evidence.

The immediate challenge was to do all that we had planned and the additional extras from Ofsted in a short time, but not lose what we at EBA hold dear, the full curriculum and the wonderful ethos. We set to work immediately on an Action Plan with tight milestones and this I feel is where Ofsted helped the school. There was no place for excuses - it was full steam ahead. Our Year 6 SATS results showed a marked improvement in 2017.

## Eaton Bray Academy Governors' Report (continued)

We are determined to maintain and enhance both the calm country atmosphere, and the excellent relationships between everyone in the School. We believe that these two factors have a definite impact on the children, their achievements, and indeed their view of the world.

Last year we were finally able to realise our aim of having teacher staff in our Pre-School and so are now running it more along the lines of a Nursery. As an inclusive School, with the more demanding curriculum this is a very important area for us. Again, our results in EYFS in 2017 were much improved.

We continue to offer extended services with daily Breakfast and After School clubs all run by School staff.

The Academy ensures the accuracy of its teacher assessment through internal and external moderation with other Schools. The Academy has been moderated in the last few years in Early Years, Year 2, Year 4, and in 2016/7 in EYFS and Year 2 by the Central Bedfordshire Moderation Team. We also work closely with a Luton Teaching School as noted by Ofsted – *“You have ensured that an independent view of how well the school is performing is achieved by commissioning support from Luton’s teaching alliance. This is helping you to know that the actions you are taking to move the school forward are having an impact”*.

The Academy has now entered its seventh year of operation and continues to achieve the forecast numbers of pupils. In the year ending 31 August 2017 we had an average of 230 children (including Pre School) and the Academy has almost full complement in all year groups.

Our Early Years, Year 1 Phonics and Key Stage 1 results for 2017 are detailed in the tables below:

<b>Early Years Foundation Stage (EYFS) June 2017</b>		<b>Eaton Bray</b>	<b>National 2016</b>
Number of Pupils		<b>27</b>	
% of pupils achieving Expected or Exceeded			
Prime Goals	Communication and Language	93	82
	Physical Development	93	88
	Personal, Social and Emotional Development	100	85
Specific Goals	Literacy	78	72
	Mathematics	81	77
	Understanding the World	89	83
	Expressive Arts and Design	63	86
Average Point Score		<b>33.1</b>	<b>34.5</b>
Good Level of Development*		<b>78</b>	<b>69</b>

\* Awarded Expected or Exceeded in all Prime, Literacy and Mathematics

<b>YEAR 1 PHONICS June 2017</b>			
Number of Pupils		24	
	<b>Number of Children Wt (working towards required standard)</b>	<b>Number of children Wa (working at required standard)</b>	<b>% children achieving Wa</b>
School	5	19	79
National 2015			81
Difference			-2

**Eaton Bray Academy**  
**Governors' Report (continued)**

<b>END OF YEAR 2 (Key Stage 1) June 2017</b>		
<b>Reading</b>	% of Pupils working at expected standard or greater depth	% of Pupils working at greater depth than expected
School	67	19
National (2016)	74	24

<b>END OF YEAR 2 (Key Stage 1) June 2017</b>		
<b>Writing</b>	% of Pupils working at expected standard or greater depth	% of Pupils working at greater depth than expected
School	70	11
National (2016)	65	13

<b>END OF YEAR 2 (Key Stage 1) June 2017</b>		
<b>Maths</b>	% of Pupils working at expected standard or greater depth	% of Pupils working at greater depth than expected
School	74	15
National (2016)	73	18

<b>END OF YEAR 6 (Key Stage 2) June 2016</b>			
<b>Reading</b>	% of Pupils working at expected standard or greater depth	% of Pupils working at greater depth than expected	Average scaled score
School	79	38	107
National (2016)	71	25	104

<b>END OF YEAR 6 (Key Stage 2) June 2016</b>		
<b>Writing</b>	% of Pupils working at expected standard or greater depth	% of Pupils working at greater depth than expected
School	67	13
National (2016)	76	18

<b>END OF YEAR 6 (Key Stage 2) June 2016</b>			
<b>Maths</b>	% of Pupils working at expected standard or greater depth	% of Pupils working at greater depth than expected	Average scaled score
School	75	29	105
National (2016)	75	23	104

The Academy ensures the accuracy of its teacher assessment through internal and external moderation. The Academy uses exemplar examples of levels and national and local benchmarking.

**Key Performance Indicators**

In its last inspection in November 2016, Ofsted judged the School to be a 'Requires Improvement' School.

Ofsted revisited in June 2017 and found that -

*Leaders and governors are united in their ambition and determination to raise pupils' academic achievement. They are equally committed to sustain good-quality care, guidance, support and welfare, which parents appreciate. The new leadership structure clarifies each leader's role and includes clear lines of accountability. Each staff member knows to whom they are answerable.*

*The sea-change that you and other senior leaders have created is generating a professional dialogue among leaders, teachers and teaching assistants that is focused on raising pupils' academic achievement. This is a marked improvement since the last inspection.*

## **Eaton Bray Academy Governors' Report (continued)**

The Academy is also monitored through the completion and submission to the EFA of:

- the annual Abbreviated Accounts;
- the Budget Forecast Outturn for the period to 31 August 2017;
- the Budget Forecast for the period to August 2018; and
- the Financial Management and Governance Evaluation.

### **Plans for Future Periods**

The Academy intends to action fully the areas of development as detailed on the School Development Plan 2017/2018. The main areas for development include:

- Whole School focus on Maths
- To continue with our Reading Revolution and create specific reading areas in every room
- Focus on Middle Leaders and Subject Leaders – all staff accountable for their subject area and have a whole School view
- For all teaching staff to be involved with the whole School plan for Year 6 – breakfast, lunch and after School booster clubs, movement of TA staff to support where needed
- All staff to closely monitor individual learners to enable teaching staff to review, report and interpret individual progress and ensure interventions are put in place as soon as possible Nursery to Year 6
- Ensure the EBA 'growth mind-set' is giving all children the same opportunities to progress, chilli challenge available for all children
- To develop more cross curricular work and ensure foundation subjects have real structure and focus
- Focus on parental involvement in children's learning, starting the School year with clear explanations of what is required in each year group. Parents then to be given a clear picture of where their children are and where they need to be. Parents invited in to in the first few weeks of the autumn term for an Information Evening and a brief meeting with their child's teacher. This should then encourage parents to further increase their involvement and make sure their children attend booster clubs and that they too support their children's learning.
- Continue to update and develop staff and pupil knowledge of Safeguarding/E safety and the 'Prevent Duty'
- SMSC - to continue to develop our relationship with our friends and colleagues in Lesotho and introduce links with India
- Update Healthy School Award
- Residential trips for Key Stage 2 to be continued at home and abroad
- Achieve the Silver Eco Award.
- Achieve the Gold P.E Award

#### ***Early Years Foundation Stage:***

- A new outdoor area developed specifically for Year R (see EYFS Action Plan)
- Nursery education – teacher input resulting in more formal academic learning for the older children, increased pupil numbers and 30 hour funding introduced
- Nursery grounds used to full effect – child centred, number and mark making available at all times, improved areas for finding out about the world
- Nursery education - early identification of children with needs, particularly speech and language - investment in the WellComm S&L assessment kit

**Eaton Bray Academy  
Governors' Report (continued)**

**Funds held as Custodian Trustee on behalf of others**

There are no funds held as Custodian Trustee on behalf of others.

**Independent Auditor**

CJM Audit Limited have indicated their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the forthcoming annual general meeting.

In so far as the governors are aware:

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

The Governors' Report, incorporating the Strategic Report, was approved by the governors as directors of the company, on 27 November 2017 and signed on their behalf by:



**Mr Jason McDermid**

Chair of the Governing Body

## Eaton Bray Academy Governance Statement

### Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Head Teacher, Mrs S Hounslow, as Accounting Officer, for ensuring financial controls conform to 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 Eaton Bray Academy and the Secretary of State for Education. She is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### Governance

#### Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body formally met 6 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr A Ganatra	1	5
Mr S Haydon	0	5
Mrs S Hounslow	5	5
Mr J McDermid	5	5
Mrs L Matthews	5	5
Miss S Raymond	5	5
Mr D Thompson	1	5
Mrs C Wendeler	3	3*
Mr M Whall	5	5

*\* appointed January 2017*

### The Finance Sub Committee

The Finance Committee is a sub-committee of the Governing Body. The Finance Committee meets at least once a term but more frequent meetings can be arranged if necessary. The main responsibilities of the Finance Committee are detailed in written terms of reference that have been authorised by the Governing Body and include:

- the review and authorisation of the annual budget;
- the regular monitoring of actual expenditure and income against budget;
- ensuring contracts over £5,000 go to tender and the options are presented to the Governing Body with a suitable recommendation;
- authorising changes to Eaton Bray Academy personnel establishment; and
- reviewing the reports of the internal assurance review on the effectiveness of the financial procedures and controls. These reports must also be reported to the full Governing Body.

Attendance during the year at meetings of the Finance sub Committee was as follows:

**Eaton Bray Academy**  
**Governance Statement (continued)**

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr A Ganatra	4	4
Mr D Thompson	3	4
Mr S Haydon	4	4
Mrs S Hounslow	4	4

### **Review of Value for Money**

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

The accounting officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the Governing Body 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 adhering to their Best Value Statement as follows:

## **BEST VALUE STATEMENT**

### **2017-2018**

#### Introduction

The staff and governors of Eaton Bray Academy understand that they rely on public funds for best provision. Therefore, it is seen as vital that the Academy achieves best value for money particularly because it has a large amount of control over its spending decisions.

#### Best value Principles

The staff and governors at Eaton Bray academy feel that it is their statutory duty to ensure that best value principles are adopted in order that the Academy can be successful in raising standards. The staff and governors will endeavour to raise standards by the most economic, efficient and effective means available. In all purchasing decisions the best value principles will be applied.

The four best value principles are:

- **COMPARE:** How a school's performance compares with that of other schools.
- **CHALLENGE:** Whether the school's performance is high enough, and why and how a service is being provided.
- **COMPETE:** How the school secures economic, efficient and effective services.
- **CONSULT:** Seeking the views of stakeholders about the services provided.

In relation to the Academy's expenditure and delegated budget, the main features of best value can be monitored by the governing body who will ensure that the Academy's budget is allocated, as far as possible, to assist with the raising of standards.

## **Eaton Bray Academy**

### **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 on-going 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 Eaton Bray Academy for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

#### **Capacity to Handle Risk**

The Governing Body 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 Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy's significant risks that have been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

#### **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 Governing Body;
- 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 Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. The Governing Body have appointed Mrs C Martin, the external auditor to the Academy, to carry out a program of additional checks. The Internal Assurance Reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular, the checks carried out in the period under review included:

- testing of various income streams to the school;
- testing of purchase systems and reclaims for VAT;
- testing of bank reconciliations; and
- testing of payroll systems.

The Internal Assurance Reviewer reports to the Finance Committee on a termly basis on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. In turn, the Finance Committee reports to the Governing Body on a regular basis.

**Eaton Bray Academy**  
**Governance Statement (continued)**

**Review of Effectiveness**

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

- the work of the Internal Assurance Reviewer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the Finance Committee 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 any weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 27 November 2017 and signed on its behalf by:



**Mr Jason McDermid**

Chair of the Governing Body



**Mrs Sue Hounslow**

Accounting Officer

**Eaton Bray Academy**  
**Statement on Regularity, Propriety and Compliance**

As Accounting Officer of Eaton Bray Academy I have considered my responsibility to notify the members of the Governing Body 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 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 2016.

I confirm that I and the members of the Governing Body are able to identify any material irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2016.

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 Governing Body and EFA.

  
.....

**Mrs Sue Hounslow**

Accounting Officer

Dated: 27 November 2017

## **Eaton Bray Academy**

### **Statement of Governors' Responsibilities**

The trustees (who act as Governors of Eaton Bray Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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 year. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 Governing Body on 27 November 2017 and signed on its behalf by:



**Mr Jason McDermid**

Chair of the Governing Body

**Eaton Bray Academy**  
**Independent Auditor's Report on the Financial Statements**  
**to the Governing Body of Eaton Bray Academy**

We have audited the financial statements of Eaton Bray Academy for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017, 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 2016 to 2017 issued by the Education and Skills Funding Agency.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our

**Eaton Bray Academy**  
**Independent Auditor's Report on the Financial Statements**  
**to the Governing Body of Eaton Bray Academy (continued)**

auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Governors' Report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

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

**Responsibilities of trustees**

As explained more fully in the governors' responsibilities statement (set out on page 18), the Trust Board members, (who act as trustees of Eaton Bray Academy and who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Eaton Bray Academy**  
**Independent Auditor's Report on the Financial Statements**  
**to the Governing Body of Eaton Bray Academy (continued)**

**Auditor's responsibilities for the audit of the financial statements**

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**Caroline Martin**, Senior Statutory Auditor

For and on behalf of CJM Audit Limited, Statutory Auditor

Floyds Barn  
Mill Lane  
Wingrave  
Aylesbury  
HP22 4PL

Dated: 28 November 2017

**Eaton Bray Academy**  
**Independent Reporting Accountant's Assurance Report on Regularity**  
**to Eaton Bray Academy and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 9 July 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Eaton Bray Academy during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of the Governing Body of Eaton Bray Academy and the Reporting Accountant**

The accounting officer is responsible, under the requirements of Eaton Bray Academy's funding agreement with the Secretary of State for Education dated 31 March 2011 and the Academies Financial Handbook, extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 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 2016 to 2017 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 trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Gaining an understanding of the Academy systems and internal controls and documenting the processes involved;

**Eaton Bray Academy**  
**Independent Reporting Accountant's Assurance Report on Regularity**  
**to Eaton Bray Academy and the Education Funding Agency (continued)**

- Assessing the risk of material irregularity in order to determine and plan the level of work required to form our conclusion; and
- Undertaking and documenting such tests as we consider necessary to obtain sufficient and appropriate audit evidence to form our conclusion.

**Conclusion**

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Caroline Martin**, Reporting Accountant

For and on behalf of CJM Audit Limited, Statutory Auditor

Floyds Barn  
Mill Lane  
Wingrave  
Aylesbury  
HP22 4PL

Dated: *28 November 2017*

**Eaton Bray Academy**  
**Statement of Financial Activities for the Year Ended 31 August 2017**  
**(including Income and Expenditure Account)**

	Note	Unrestrict ed Funds	Restricted General Funds	Restricted Fixed Asset Funds	TOTAL 2017	TOTAL 2016
		£	£	£	£	£
<b>Income and endowments from:</b>						
Donations and capital grants	2	30,633	-	6,294	36,927	34,098
<i>Charitable activities:</i>						
Funding for the Academy's educational operations	3	-	904,307	-	904,307	864,408
Other trading activities	4	76,851	-	-	76,851	75,022
Investments	5	16	-	-	16	49
<b>Total</b>		<u>107,500</u>	<u>904,307</u>	<u>6,294</u>	<u>1,018,101</u>	<u>973,577</u>
<b>Expenditure on:</b>						
<i>Charitable activities:</i>						
Academy educational operations	7	114,727	946,516	44,482	1,105,725	1,075,670
<b>Total</b>		<u>114,727</u>	<u>946,516</u>	<u>44,482</u>	<u>1,105,725</u>	<u>1,075,670</u>
<b>Net income / (expenditure)</b>		(7,227)	(42,209)	(38,188)	(87,624)	(102,093)
<b>Transfers between funds</b>	14	-	(7,340)	7,340	-	-
<b>Other recognised gains and losses:</b>						
Actuarial gains / (losses) on defined benefit pension schemes	21	-	91,000	-	91,000	(119,000)
<b>Net movement in funds</b>		(7,227)	41,451	(30,848)	3,376	(221,093)
<b>Reconciliation of funds</b>						
Total funds brought forward at 30 August 2016		6,801	(213,175)	1,406,627	1,200,253	1,421,346
<b>Total funds carried forward at 31 August 2017</b>		<u>(426)</u>	<u>(171,724)</u>	<u>1,375,779</u>	<u>1,203,629</u>	<u>1,200,253</u>

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

**Eaton Bray Academy**  
Registered number 07556185  
**Balance Sheet as at 31 August 2017**

	Note	2017		2016 as restated	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10		1,375,779		1,406,627
<b>Current assets</b>					
Stock	11	4,431		2,338	
Debtors	12	14,587		9,906	
Cash at bank		<u>58,611</u>		<u>81,775</u>	
		77,629		94,019	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	13	<u>(63,779)</u>		<u>(58,393)</u>	
<b>Net current assets</b>			13,850		35,626
<b>Total assets less current liabilities</b>			<u>1,389,629</u>		<u>1,442,253</u>
Creditors: amounts falling due after more than one year			-		-
<b>Net assets excluding pension liability</b>			<u>1,389,629</u>		<u>1,442,253</u>
Defined benefit pension scheme liability			(186,000)		(242,000)
<b>Total net assets</b>			<u><u>1,203,629</u></u>		<u><u>1,200,253</u></u>
<b>Funds of the Academy:</b>					
<b>Restricted funds</b>					
Fixed asset fund	14	1,375,779		1,406,627	
Restricted income fund	14	14,276		28,825	
Pension reserve	14	<u>(186,000)</u>		<u>(242,000)</u>	
<b>Total restricted funds</b>			1,204,055		1,193,452
<b>Unrestricted income funds</b>			(426)		6,801
<b>Total funds</b>			<u><u>1,203,629</u></u>		<u><u>1,200,253</u></u>

The financial statements on Page 24 to Page 43 were approved by the Governing Body and authorised for issue on 27 November 2017 and are signed on their behalf by:

  
.....  
**Mr J McDermid**

Chair of Governing Body

**Eaton Bray Academy**  
**Statement of Cash Flows for the year ended 31 August 2017**

	Note	2017	2016
		£	£
<b>Cash flows from operating activities</b>			
Net cash (used by) / provided by operating activities	17	(15,840)	(54,337)
<b>Cash flows from investing activities</b>	18	(7,324)	(2,241)
<b>Cash flows from financing activities</b>		-	-
<b>Change in cash and cash equivalents in the reporting period</b>		<u>(23,164)</u>	<u>(56,578)</u>
<b>Cash and cash equivalents at 1 September 2016</b>		81,775	138,353
<b>Cash and cash equivalents at 31 August 2017</b>		<u>58,611</u>	<u>81,775</u>

**Eaton Bray Academy**  
**Notes to the Financial Statements for the year ended 31 August 2017**

**1 Statement of accounting policies**

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

**Basis of preparation**

The financial statements of the academy, 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 2016 to 2017 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Eaton Bray Academy meets the definition of a public benefit entity under FRS 102.

**Going concern**

The Governing Body assesses whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Governing Body makes this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements. Despite the deficit on unrestricted reserves, the forecast cash flows indicate the academy will have adequate cash at bank to meet its working capital requirements. As a result the Governing Body have concluded that the academy has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**Income**

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

• **Grants**

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

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

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

**Eaton Bray Academy**  
**Notes to the Financial Statements for the year ended 31 August 2017 (continued)**

**1 Statement of accounting policies (continued)**

**Income (continued)**

• **Donations**

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

• **Other income**

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

• **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

• **Donated fixed assets**

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

**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.

• **Expenditure on raising funds**

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

• **Charitable Activities**

These are costs incurred on the Academy'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.

**Eaton Bray Academy**  
**Notes to the Financial Statements for the year ended 31 August 2017 (continued)**

**1 Statement of accounting policies (continued)**

**Tangible Fixed Assets**

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

• Leasehold buildings	2%
• Buildings improvements	4%
• Fixtures, fittings and equipment	4 years
• Plant	4 years
• ICT equipment	3 years

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

**Liabilities**

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

**Provisions**

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

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.

**Leased assets**

Rentals under operating leases are charged on an actual basis over the lease term.

**Eaton Bray Academy**  
**Notes to the Financial Statements for the year ended 31 August 2017 (continued)**

**1 Statement of accounting policies (continued)**

**Financial Instruments**

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

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments.

*Cash at bank* – is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**Stocks**

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

**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 part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**Pensions benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 29, 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.

**Eaton Bray Academy**  
**Notes to the Financial Statements for the year ended 31 August 2017 (continued)**

**1 Statement of accounting policies (continued)**

**Pensions benefits (continued)**

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

**Fund accounting**

Unrestricted 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.

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

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

**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 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 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

**Eaton Bray Academy**  
**Notes to the Financial Statements for the year ended 31 August 2017 (continued)**

**2 Donations and capital grants**

	<u>Unrestricted</u> <u>Funds</u> £	<u>Restricted</u> <u>Funds</u> £	<u>TOTAL</u> <u>2017</u> £	<u>TOTAL</u> <u>2016</u> £
Capital grants	-	6,294	6,294	6,152
Other donations	30,633	-	30,633	27,946
	<u>30,633</u>	<u>6,294</u>	<u>36,927</u>	<u>34,098</u>
2016 total	<u>27,946</u>	<u>6,152</u>	<u>34,098</u>	

**3 Funding for the Academy's educational operations**

	<u>Unrestricted</u> <u>Funds</u> £	<u>Restricted</u> <u>Funds</u> £	<u>TOTAL</u> <u>2017</u> £	<u>TOTAL</u> <u>2016</u> £
<b>DfE / EFA grants</b>				
General Annual Grant (GAG)	-	756,623	756,623	741,270
Other DfE / EFA grants	-	40,445	40,445	41,251
	<u>-</u>	<u>797,068</u>	<u>797,068</u>	<u>782,521</u>
<b>Other Government grants</b>				
Local authority grants	-	107,239	107,239	81,887
	<u>-</u>	<u>107,239</u>	<u>107,239</u>	<u>81,887</u>
	<u>-</u>	<u>904,307</u>	<u>904,307</u>	<u>864,408</u>

**4 Other trading activities**

	<u>Unrestricted</u> <u>Funds</u> £	<u>Restricted</u> <u>Funds</u> £	<u>TOTAL</u> <u>2017</u> £	<u>TOTAL</u> <u>2016</u> £
Catering income	25,178	-	25,178	22,525
Breakfast/after school clubs	20,209	-	20,209	23,615
Pre-school income	25,755	-	25,755	25,482
Other income	5,709	-	5,709	3,400
	<u>76,851</u>	<u>-</u>	<u>76,851</u>	<u>75,022</u>

**5 Investment income**

	<u>Unrestricted</u> <u>Funds</u> £	<u>Restricted</u> <u>Funds</u> £	<u>TOTAL</u> <u>2017</u> £	<u>TOTAL</u> <u>2016</u> £
Deposit account interest	16	-	16	49
	<u>16</u>	<u>-</u>	<u>16</u>	<u>49</u>

**Eaton Bray Academy**  
**Notes to the Financial Statements for the year ended 31 August 2017 (continued)**

**6 Expenditure**

	Non pay expenditure		<u>TOTAL</u>	<u>TOTAL</u>	
	<u>Staff costs</u>	<u>Premises</u>	<u>Other costs</u>	<u>2017</u>	<u>2016</u>
	£	£	£	£	
Academy's educational operations:					
Direct costs	726,992	7,268	62,331	796,591	778,541
Allocated support costs	115,373	17,596	176,165	309,134	297,129
	<u>842,365</u>	<u>24,864</u>	<u>238,496</u>	<u>1,105,725</u>	<u>1,075,670</u>

Net income / (expenditure) for the period includes:

	<u>2017</u>	<u>2016</u>
	£	£
Operating lease rentals	6,248	7,366
Depreciation	44,482	47,835
(Gain) / loss on disposal of fixed assets	-	-
Fees payable to auditor - audit	4,600	4,600
- other services	3,300	3,300
	<u>58,630</u>	<u>63,101</u>

**7 Charitable Activities**

	<u>TOTAL</u>	<u>TOTAL</u>
	<u>2017</u>	<u>2016</u>
	£	£
<b>Direct costs - educational operations</b>	796,591	778,541
<b>Support costs - educational operations</b>	309,134	297,129
<b>Analysis of support costs</b>		
Support staff costs	115,373	118,084
Depreciation	37,214	35,287
Technology costs	6,648	7,966
Premises costs	17,596	19,964
Maintenance of premises and equipment	9,939	15,872
Other support costs	109,019	86,173
Governance costs	13,345	13,783
	<u>309,134</u>	<u>297,129</u>

**Eaton Bray Academy**  
**Notes to the Financial Statements for the year ended 31 August 2017 (continued)**

<b>7 Staff costs</b>	2017	2016
	£	£
Staff costs during the year were:		
Wages and salaries	693,883	686,360
Social security costs	46,945	36,609
Operating costs of defined benefit pension schemes	<u>99,691</u>	<u>96,487</u>
	840,519	819,456
Supply staff costs	<u>1,846</u>	<u>7,431</u>
	<u><u>842,365</u></u>	<u><u>826,887</u></u>

**Staff numbers**

The average number of persons employed by the academy during the year and the full time equivalent was as follows:

	2017		2016	
	No.	FTE	No.	FTE
Teachers	14	11	14	11
Administration and support	<u>25</u>	<u>16</u>	<u>24</u>	<u>18</u>
	<u>39</u>	<u>27</u>	<u>38</u>	<u>29</u>

**Higher paid staff:**

There were no employees who earned in excess of £60,000 per annum during the current year or the previous year.

**Key management personnel:**

The key management personnel of the academy comprise the Governing Body 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 £121,307 (2016: £120,104).

**8 Related party transactions - Governors' remuneration and expenses**

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

Mrs S Hounslow (Principal and Governor):

Remuneration	£55,001 - £60,000 ((2016: £55,001 - £60,000))
Employer's pension contributions	£10,001 - £15,000 ((2016: £10,001 - £15,000))

Mrs L Matthews (Staff Governor):

Remuneration	£45,001 - £50,000 ((2016: £45,001 - £50,000))
Employer's pension contributions	£5,001 - £10,000 ((2016: £5,001 - £10,000))

Miss S Raymond (Staff Governor):

Remuneration	£40,001 - £45,000 ((2016: £40,001 - £45,000))
Employer's pension contributions	£5,001 - £10,000 ((2016: £5,001 - £10,000))

Other related party transactions involving the trustees are set out in note 22.

**Eaton Bray Academy**  
**Notes to the Financial Statements for the year ended 31 August 2017 (continued)**

**9 Governors' and officers' insurance**

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10m on any one claim. The cost is included within the EFA Risk Protection Arrangement which applies to the school as an entity and therefore can not be separately identified.

**10 Tangible fixed assets**

	<u>Long leasehold land and buildings</u> £	<u>Building improve - ments</u> £	<u>Furniture &amp; equipment</u> £	<u>Computer equipment</u> £	<u>Plant</u> £	<u>TOTAL</u> £
<b>Cost</b>						
At 1 September 2016	1,273,603	238,069	20,614	46,534	25,133	1,603,953
Additions	-	-	-	5,492	8,142	13,634
Disposals	-	-	-	-	-	-
At 31 August 2017	<u>1,273,603</u>	<u>238,069</u>	<u>20,614</u>	<u>52,026</u>	<u>33,275</u>	<u>1,617,587</u>
<b>Depreciation</b>						
At 1 September 2016 as restated	131,036	-	17,069	31,063	18,158	197,326
Charge for the year	20,274	9,523	396	6,872	7,417	44,482
Eliminated on disposal	-	-	-	-	-	-
At 31 August 2017	<u>151,310</u>	<u>9,523</u>	<u>17,465</u>	<u>37,935</u>	<u>25,575</u>	<u>241,808</u>
<b>Net book value</b>						
At 31 August 2017	<u>1,122,293</u>	<u>228,546</u>	<u>3,149</u>	<u>14,091</u>	<u>7,700</u>	<u>1,375,779</u>
At 31 August 2016 as restated	<u>1,142,567</u>	<u>238,069</u>	<u>3,545</u>	<u>15,471</u>	<u>6,975</u>	<u>1,406,627</u>

The property was valued at 1 April 2011 and the valuation is deemed to be cost under FRS 102.

**11 Stock**

	<u>2017</u> £	<u>2016</u> £
Stationery, cleaning products and catering	1,300	1,300
Uniform	3,131	1,038
	<u>4,431</u>	<u>2,338</u>

**Eaton Bray Academy**  
**Notes to the Financial Statements for the year ended 31 August 2017 (continued)**

**12 Debtors**

	<u>2017</u>	<u>2016</u>
	£	£
Trade debtors	5,418	2,971
VAT recoverable	5,206	3,358
Prepayments	3,963	3,577
	<u>14,587</u>	<u>9,906</u>

**13 Creditors: Amounts falling due within one year**

	<u>2017</u>	<u>2016</u>
	£	£
Trade creditors	24,479	18,184
Social security and other taxes	12,752	13,316
Other creditors	69	287
Accruals and deferred income	26,479	26,606
	<u>63,779</u>	<u>58,393</u>

**Deferred income**

Deferred income at 1 September 2016	25,260	28,162
Resources deferred in the year	25,133	25,260
Amounts release from previous years	(25,260)	(28,162)
Deferred income at 31 August 2017	<u>25,133</u>	<u>25,260</u>

At the balance sheet date, the Academy was holding funds received in advance for Universal Free School Meal provision and Pupil Premium relating to the academic year 2016/2017.

**14 Funds**

	<u>Balance at 1</u>			<u>Gains,</u>	<u>Balance at</u>
	<u>September</u>	<u>Incoming</u>	<u>Resources</u>	<u>losses and</u>	<u>31 August</u>
	<u>2016</u>	<u>resources</u>	<u>expended</u>	<u>transfers</u>	<u>2017</u>
	£	£	£	£	£
<b>Restricted income funds</b>					
General Annual Grant (GAG)	11,473	719,823	(865,639)	127,729	(6,614)
Other DfE/EFA grants	-	77,245	-	(77,245)	-
LA and other grants	17,352	107,239	(80,877)	(22,824)	20,890
Pension reserve	(242,000)	-	-	56,000	(186,000)
	<u>(213,175)</u>	<u>904,307</u>	<u>(946,516)</u>	<u>83,660</u>	<u>(171,724)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	1,178,146	-	(20,224)	-	1,157,922
DfE/EFA capital grants	41,058	6,294	(12,166)	-	35,186
Capital expenditure from GAG	18,763	-	(3,894)	7,340	22,209
Donation - capital	168,660	-	(8,198)	-	160,462
	<u>1,406,627</u>	<u>6,294</u>	<u>(44,482)</u>	<u>7,340</u>	<u>1,375,779</u>
<b>Total restricted funds</b>	<u>1,193,452</u>	<u>910,601</u>	<u>(990,998)</u>	<u>91,000</u>	<u>1,204,055</u>

**Eaton Bray Academy**  
**Notes to the Financial Statements for the year ended 31 August 2017 (continued)**

**14 Funds (continued)**

	<u>Balance at 1</u> <u>September</u> <u>2016</u> £	<u>Incoming</u> <u>resources</u> £	<u>Resources</u> <u>expended</u> £	<u>Gains,</u> <u>losses and</u> <u>transfers</u> £	<u>Balance at</u> <u>31 August</u> <u>2017</u> £
<b>Total unrestricted funds</b>	6,801	107,500	(114,727)	-	(426)
<b>Total funds</b>	1,200,253	1,018,101	(1,105,725)	91,000	1,203,629

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

**Restricted income funds**

General Annual Grant (GAG)

This represents funding from the EFA to cover the costs of recurrent expenditure on educational operations.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Early years

This represents funding from the Local Authority for pre-school provision.

The transfer between LA and other grants and General Annual Grant represents the apportioned support and other costs associated with pre-school provision.

Pension reserve

This represents the Academy's share of the deficit of the Local Government Pension Scheme (LGPS) transferred to the Academy.

**Restricted fixed asset funds**

These funds relate to funding received from the DfE an EFA to carry out works of a capital nature as part of the School Building project.

Other restricted funds

These funds relate to monies received from local government, private sector and private sponsors to carry out works of a capital or revenue nature.

**Eaton Bray Academy**  
**Notes to the Financial Statements for the year ended 31 August 2017 (continued)**

**15 Analysis of Net Assets between Funds**

Fund balances at 31 August 2017 were represented by:

	<u>Total</u> <u>unrestricted</u> <u>funds</u> £	<u>Restricted</u> <u>income</u> <u>funds</u> £	<u>Restricted</u> <u>Fixed Asset</u> <u>funds</u> £	<u>TOTAL</u> £
Tangible fixed assets			1,375,779	1,375,779
Current assets		77,629		77,629
Current liabilities	(426)	(63,353)		(63,779)
Pension scheme liability		(186,000)		(186,000)
<b>Total net assets</b>	<u>(426)</u>	<u>(171,724)</u>	<u>1,375,779</u>	<u>1,203,629</u>

**16 Commitments under operating leases**

At 31 August 2017 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	<u>2017</u> £	<u>2016</u> £
Amounts due within one year	2,224	6,476
Amounts due between two and five years inclusive	<u>996</u>	<u>3,221</u>
	<u>3,220</u>	<u>9,697</u>

Leasehold land and buildings are held under a 125 year lease ending in March 2136 at nil rent per annum.

**Eaton Bray Academy**  
**Notes to the Financial Statements for the year ended 31 August 2017 (continued)**

<b>17 Reconciliation of net income / (expenditure) to net cash inflow from operating activities</b>	<u>2017</u> £	<u>2016</u> £
Net income / (expenditure) for the reporting period	(87,624)	(102,093)
Adjusted for:		
Depreciation (note 10)	44,482	47,835
Capital Grants from DfE and other capital income	(6,294)	(6,152)
Interest receivable (note 5)	(16)	(49)
Defined benefit pension scheme cost less contributions payable (note 21)	30,000	11,000
Defined benefit pension scheme finance cost / (income) (note 21)	5,000	4,000
(Increase) / decrease in stocks	(2,093)	-
(Increase) / decrease in debtors	(4,681)	5,478
Increase / (decrease) in creditors	5,386	(14,356)
<b>Net cash provided by / (used in) operating activities</b>	<u><u>(15,840)</u></u>	<u><u>(54,337)</u></u>

<b>18 Cash flows from investing activities</b>	<u>2017</u> £	<u>2016</u> £
Interest received	16	49
Proceeds from sale of tangible fixed assets	-	-
Purchase on tangible fixed assets	(13,634)	(8,442)
Capital grants from DfE/EFA	6,294	6,152
<b>Net cash provided by / (used in) investing activities</b>	<u><u>(7,324)</u></u>	<u><u>(2,241)</u></u>

**19 Analysis of cash and cash equivalents**

	<u>At 31</u> <u>August 2017</u> £	<u>At 31</u> <u>August 2016</u> £
Cash in hand and at bank	58,611	81,775
<b>Total cash and cash equivalents</b>	<u><u>58,611</u></u>	<u><u>81,775</u></u>

**20 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 they cease to be a member.

**Eaton Bray Academy**  
**Notes to the Financial Statements for the year ended 31 August 2017 (continued)**

## **21 Pension and similar obligations**

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

### **Teachers' Pension Scheme**

#### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2017, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

#### Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (previously 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%

**Eaton Bray Academy**  
**Notes to the Financial Statements for the year ended 31 August 2017 (continued)**

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

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 is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £66,923 (2016: £67,027).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £42,963 (2016: £40,362) of which employer's contributions totalled £33,014 (2016: £30,413) and employees' contributions totalled £9,949 (2016: £9,949). The agreed contribution rates for future years are 17.9 per cent for employers and in the range of 5.5 to 5.8 per cent for employees.

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

**Principal actuarial assumptions**

	<u>At 31 August</u> <u>2017</u>	<u>At 31 August</u> <u>2016</u>
Rate of increase in salaries	2.7%	3.1%
Rate of increase for pensions in payment/inflation	2.4%	2.1%
Discount rate for scheme liabilities	2.5%	2.0%
Inflation assumption (CPI)	2.4%	2.1%
Commutation of pensions to lump sums	50% & 75%	50% & 75%

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

	<u>At 31 August</u> <u>2017</u>	<u>At 31 August</u> <u>2016</u>
<u>Retiring today</u>		
Males	22.4	22.4
Females	24.5	24.3
<u>Future pensioners</u>		
Males	24	24.4
Females	26.2	26.8

**Eaton Bray Academy**  
**Notes to the Financial Statements for the year ended 31 August 2017 (continued)**

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

**Sensitivity analysis**

	<u>At 31 August</u> <u>2017</u>	<u>At 31 August</u> <u>2016</u>
	£	£
0.5% decrease in Real Discount Rate	87,000	81,000
0.5% increase in the Salary Increase Rate	13,000	27,000
0.5% increase in the Pension Increase Rate	72,000	52,000

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

	<u>At 31 August</u> <u>2017</u>	<u>At 31 August</u> <u>2016</u>
Equity instruments	57%	77%
Debt instruments	15%	10%
Property	9%	10%
Cash	19%	3%
Fair value of plan assets	440,000	391,000
Present value of funded liabilities	<u>(626,000)</u>	<u>(633,000)</u>
<b>Deficit in the scheme</b>	<b><u>(186,000)</u></b>	<b><u>(242,000)</u></b>

The actual return on scheme assets was 11.3% (2016: 17.0%).

**Amounts recognised in the statement of financial activities**

	<u>2017</u>	<u>2016</u>
	£	£
Current service cost (net of employee contributions)	(63,000)	(41,000)
Net interest cost / (gain)	<u>(5,000)</u>	<u>(4,000)</u>
<b>Total operating charge</b>	<b><u>(68,000)</u></b>	<b><u>(45,000)</u></b>

**Changes in the present value of defined benefit obligations were as follows:**

	<u>2017</u>	<u>2016</u>
	£	£
<b>At 1 September</b>	633,000	413,000
Current service cost	63,000	41,000
Interest cost	13,000	16,000
Employee contributions	10,000	9,000
Changes in financial assumptions	(54,000)	163,000
Other experience	(34,000)	(1,000)
Benefits paid	<u>(5,000)</u>	<u>(8,000)</u>
<b>At 31 August</b>	<b><u>626,000</u></b>	<b><u>633,000</u></b>

**Eaton Bray Academy**  
**Notes to the Financial Statements for the year ended 31 August 2017 (continued)**

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

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

	<u>2017</u>	<u>2016</u>
	£	£
<b>At 1 September</b>	391,000	305,000
Return on plan assets	8,000	12,000
Actuarial gain / (loss)	3,000	43,000
Employer contributions	33,000	30,000
Employee contributions	10,000	9,000
Benefits paid	<u>(5,000)</u>	<u>(8,000)</u>
<b>At 31 August</b>	<u><u>440,000</u></u>	<u><u>391,000</u></u>

The estimated value of employer contributions for the year ended 31 August 2018 is £34,000.

**22 Related party transactions**

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

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