
ALCESTER ACADEMY
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

ALCESTER ACADEMY
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members	Mr M Dean Mrs S Foster (resigned 5 July 2017) Mrs G Forman Ms H Allen Mr A Lewis Mrs F Williams
Trustees	Ms H Allen Miss K Buckthorp Ms C Craig Mr A Dean Mr M Dean, Chair Mrs J Dunbar Ms K Evason Mrs G Forman Mrs S Foster (resigned 5 July 2017) Mr M Gittus Mrs C Hodgetts Mr Paul Hyde, Head Teacher Mrs C Leeson Mr A Lewis Mrs F Williams Mr C Short (appointed 7 September 2017)
Company registered number	07700251
Company name	Alcester Academy
Principal and registered office	Gerard Road Alcester Warwickshire B49 6QQ
Company secretary	L Kirby
Senior leadership team	Mr P Hyde, Head Teacher Mrs S Mellors, Deputy Head Teacher Miss K Buckthorp, Assistant Head Teacher
Independent auditors	Smith Cooper Limited Chartered Accountants Statutory Auditors 158 Edmund Street Birmingham West Midlands B3 2HB

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Bankers

Lloyds TSB Bank plc
4 The Cross
Worcester
WR1 3PY

Solicitors

Browne Jacobson LLP
44 Castle Gate
Nottingham
NG1 7BJ

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the Financial Statements and Auditors reports of the Charitable Company for the year ending 31 August 2017. The annual report serves the purposes of both Trustees' report and directors' report under company law.

The trust operates an Academy for pupils aged 11-16 serving a catchment area in South Warwickshire. It has a pupil capacity of 650 and had 464 in the school census on 18 May 2017.

The principal object of the Academy is:

a) to advance for the public benefit education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum and

b) to promote for the benefit of individuals living in South Warwickshire and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

Structure, Governance and Management

Constitution

The Academy is a charitable company limited by guarantee which was constituted under a Memorandum of Association dated 11th July 2011.

The governance of the Trust is defined in the Memorandum and Articles of Association together with the funding agreement with the Department for Education.

The members of the company are the signatories to the Memorandum, any person appointed by the Secretary of State, the chairman of the Trustees, and any person appointed under Article 16.

Member Liability

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

Organisation structure

The strategic management of the Academy is the responsibility of the Trustees who are elected and co opted under the terms of the Articles of Association. The governing body comprises:

- Up to 1 Trustee appointed under article 50
- Up to 1 LA Trustee if appointed under article 51
- 7 Parent Trustees appointed under articles 53 and 58
- Up to 3 staff Trustees appointed under article 58a, not including the Head Teacher
- Up to 6 Community Trustees, appointed under article 58b
- Any additional Trustees, if appointed, under articles 62,62a or 68a
- The Head Teacher by virtue of office
- Any further Trustees, if appointed under articles 63 or 68a

The Academy may also have any co opted Trustees appointed under article 59.

The board of Trustees meet seven times a year. The Finance and Audit Committee are a sub group who meet up to six times a year, and if necessary on special occasions. The other permanent sub committees are Standards and Behaviour and Attendance. Also, there is an HR sub committee who meet each half term and when necessary.

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Most members of the Board of Trustees are on one of the standing committees and the Head Teacher and chairman are ex officio members of all Committees.

Terms of reference exist for each committee and are reviewed annually.

Trustees

Committee membership at 31st August 2017

Miss K Buckthorp	B+A
Mr M Dean	Ex officio on all committees
Mrs G Forman	F+A Chair, Standards/HR
Mr M Gittus	
Mrs C Hodgetts(link DSEN&CP)	B+A, Standards/HR
Mrs J Dunbar	Standards/HR
Mrs F Williams	Standards/HR, B+A
Mr A Dean	B+A Chair, F+A
Mrs C Leeson	Standards/HR, B+A
Mr P Hyde	Ex officio on all committees
Ms H Allen	Standards/HR
Ms C Craig	B+A, F+A
Ms K Evason	B+A, F+A
Mr A Lewis	Standards/HR

(DSEN: Designated Special Educational Needs, CP: Child Protection)

Committees

F+A Finance and Audit, Standards/HR- Human resources, B+A Behaviour and Attendance.

The operational running of the Academy is the responsibility of the Head Teacher and his Senior Leadership Team (SLT). The Head sits on all Trustee Committees; he is responsible to the Board of Trustees and reports to them regularly.

Policies and procedures adopted for the induction and training of Trustees

Key considerations for appointment of Trustees include personal experience, professional and specialist skills. New Trustees undertake induction to the workings of the Academy. Training is offered to all Trustees and is provided through a number of sources. Trustees, with the exception of the Head Teacher, are appointed for a four year term. At the end of this period they can offer themselves either for re appointment or re-election as appropriate.

Trustees' remuneration

No member of the board of Trustees received any remuneration in respect of their trustee duties during the year ended 31 August 2017. Mr Hyde, Miss Buckthorp and Mrs Evason were remunerated as employees of Alcester Academy.

Trustees' indemnities

The structure of the Academy consists of a Board of Trustees (who act as the trustees for the charitable activities of Alcester Academy) and who are also the directors of the Academy for the purposes of the company. The Academy has insurance to cover trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business.

Decision making

The Board of Trustees has overall responsibility for the Academy. They ensure that grants from the ESFA are used only for the purposes intended and that funds from sponsors are correctly recorded and used. They also approve the Academy's Strategic Plan and Annual Budget. They are responsible for the appointment of the Head Teacher. The Board of Trustees also empowers a number of sub committees to carry out their responsibilities for governance, approval, monitoring and reporting in a number of specific areas e.g. the Finance and Audit Committee.

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Pay Policy for Key Management Personnel

The directors consider that the Senior Leadership Team ("SLT") and the Board of Directors comprise the Key Management Personnel of the Trust in charge of directing and controlling, running and operating the Trust on a day to day basis. The SLT for 2016/17 was made up of 1 head teacher, 1 deputy head teacher and 1 assistant head teacher. No director receives any form of remuneration, unless they are appointed as a staff director.

The Board of Directors of the Trust have in place a pay policy which was adopted on 15th December 2016 and which is reviewed annually with the head teacher. The pay policy states that the Board is committed to taking pay decisions in accordance with the principles of public life as listed in DfE guidance; objectivity, openness and accountability. The policy also notes that the Board recognises the legal requirements placed upon them by the Education Act 2002 and subsequent legislation together with the current School Teacher's Pay and Conditions document (STPCD) and the National and Local Conditions of Service for National Joint Council staff and the Education (School Teacher Appraisal) (England) Regulations 2012. The policy also reflects the Trust's responsibilities to staff under the Equality Act 2010, the Employment Relations Act 1999 and all other relevant legislation of which the Trust is aware.

The Board of Directors delegates to the Standards and Human Resources Committee the responsibility for approving decisions relating to performance pay progression in line with the pay policy.

The policy is based on a "whole school" approach to pay issues with pay decisions taken in the full consideration of the resources available within the overall school budget. This means that pay decisions relating to particular groups of staff are not taken in isolation.

All employees are paid in accordance with the statutory provisions of the STPCD and the "Burgundy Book" (teaching staff) or the National Joint Council "Green Book" conditions of service and NJC pay scales (support staff); and the pay ranges determined by the school. The IPR ranges of the head teacher or other senior leaders are not altered if they have reached the top of their individual pay range or to provide the equivalent of a pay award.

Pay progression of the head teacher, deputy and assistant head teachers is reviewed annually in line with the pay policy.

Support staff leadership payments are made in accordance with the National Joint Council for Local Government Services pay scales and allowances that are reviewed annually. Individual pay for posts within the Trust are assessed utilising the Job evaluation process that is detailed within the National Joint Council national pay and conditions of service, known as the green book

Objectives, Strategies and Activities

The Trust's objective for the year ending 31 August 2017 were outlined in the Mission Statement and Strategic vision below:

Mission Statement

Alcester Academy will become an outstanding academy through delivering a high quality curriculum which allows all of our students to fulfil their academic potential. Our students will become well adjusted members of the community with high moral values and self discipline. They will progress successfully into education, employment or training, holding a valuable combination of knowledge and skills for employment.

Strategic Vision

Alcester Academy will become:

- An academy with a diverse curriculum which 'best fits' the desires of the students
- A place where students of all abilities fulfil their academic potential
- A place where students thrive as a result of excellent teaching
- An academy with a well developed pastoral support system which offers a high level of care
- A place where behaviour does not inhibit the learning process
- An academy with a positive outward face

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In addition to this the following business strategies were adopted:

- To provide value for money for the funds expended
- To conduct all business in accordance with the highest standards of integrity, probity and openness

Public Benefit

The Trust will promote for the benefit of inhabitants of Alcester and the surrounding area the provision of facilities for education, recreation or other leisure time occupation of individuals particularly, but not exclusively, young people.

The Academy Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties and its supplementary guidance on education.

Strategic Report

Risk Management arrangements

The Board of Trustees are responsible for the management of the risks faced by the Academy. The Academy has in place a formal risk management process to assess risks. The risk register is reported to the Board of Trustees at least annually so that they can be satisfied that there are systems in place to remove or mitigate any exposure to those risks.

A formal review of the risk management process is undertaken on an annual basis and key controls in place include:

- Formal agendas for all committee activity
- Terms of reference for all governing body and delegated committees under the direction of the governing body.
- Pecuniary interests of Trustees reviewed at each meeting
- Comprehensive budgeting and management reporting
- Established organisational structure and clear lines of reporting
- Formal written policies
- Clear authorisation and approval levels
- Vetting procedures as required by law for the protection of the vulnerable

The Trustees carried out their last review in December 2016 and a review is taking place in December 2017. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Achievements and Performance including Key Performance Indicators

The performance of the Academy is monitored against the aims and objectives. This is carried out initially by the Head teacher and the SLT, but at a higher level monitoring and governance is exercised by the Trustee sub committees and the Board of Trustees.

There are a number of performance measures and key performance indicators which are used in the school and they form an important part of the management reporting framework. They are used to enable the SLT and various trustee sub committees to actively monitor performance and take corrective action. They mainly cover the pupils, teaching staff and the schools finances; Academic indicators for example track the exam attainment of the pupils within the school and also against external league tables; the progress of the pupils, particularly those with SEND (Special Educational Needs and Disability) and those for whom Pupil Premium is received; also the number of students leavers on the NEET register (Not in Employment, Education or Training).

Teaching staff have annual performance appraisals linked to pupil performance with relevant objectives and targets.

Financial indicators include budget targets, income and costs per pupil, the pupil to teacher ratio, and the staff cost and support cost overhead ratios.

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Review of Academic Activities:

The academy continues to build on the successes of 2014-15 where we were named as one of the highest performing state funded non selective schools in England. Our performance in 2016-17, we believe, will once again see us named in this list.

In 2016-17, 84% of students achieved a standard pass in English and Mathematics and 71% achieved the new strong pass measure in these subjects. This represents performance significantly above the national average and is the highest results achieved of any non selective school in Warwickshire. Our Progress 8 figure for this cohort was significantly above the national average at 0.50. The progress 8 score indicates that students taught at the academy achieved an average of half a grade better than if they'd attended an average academy, across 8 counting qualifications.

We have achieved what is now a three year improvement in performance through considered curriculum changes and a rigorous intervention programme. The academy offers a high level of support for students with an average of 12 additional hours of learning each week being offered per week. We are able to provide such a high level of support through lunchtime classes, afterschool classes and by opening the academy on a Saturday for our highly valued Saturday School. We believe that this extra provision, which is provided at no additional cost is exceptional.

Wider measures show a narrowing of the progress and attainment gap for disadvantaged students. Our students supported by the Pupil Premium scored an estimated Progress 8 score of 0.12 (source: FFT aspire). We believe that this value will be above the figure returned for 'other' students nationally. In short, our disadvantaged students perform better than the national average for non-disadvantaged students.

Attendance at the academy has further improved to 96%, well above the 95% government target. Our students supported by the Pupil Premium have also met this target, being at 95%. This is reflective of our determination to ensure every child accesses a high quality education. It is also reflective of the fact that students and parents value highly the quality of provision that they receive and as a result want to attend as often as they can.

The academy recognises the importance of preparing students for the next phase of their education. We offer a broad careers programme as well as a highly focused programme for those at risk of not securing a place in education, employment or training. As a direct consequence of this the vast majority of students take up places in sixth form or college education, studying level 3 courses. A small number of students take up apprenticeships.

As a result of our determination to be the best that we can be, the academy was judged as Good by Ofsted in October 2016. The inspection team did initially judge us as Outstanding, but found their written evidence base would not support this judgement when implementing their quality assurance process. We did retain an Outstanding judgement for Behaviour and Leadership. We believe we have further improved since this inspection and should we be inspected now, we would achieve an Outstanding judgement in all areas.

Whole school improvement priorities for the year 2017-18 have been identified as:

Achievement:

Raise attainment in those few subjects not yet above the national average such that attainment in all subjects is above National Averages

Continue to focus upon the gap between Pupil Premium and non Pupil Premium students

Inspire students of all abilities to aim high and secure transition into post 16 education/training

Teaching and Learning:

Further improve the quality of Teaching and Learning such that lessons always result in students making Outstanding progress

Improve the quality of home learning completed by all students

Behaviour and Attendance:

Further improve behaviour through the promotion of independence within lessons

Develop a culture of success through reward

Develop student leadership and student voice

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Leadership and Management:

Continue to promote the 'outward face' of the academy

Adapt to national changes in developing a curriculum that is cost effective and caters for the needs of students of all abilities

Going concern

After making appropriate enquiries, the governing body has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Equal Opportunities

The trustees recognise that equal opportunities are an integral part of good practice within the workplace. The academy has established equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

The average number of employees at Alcester Academy during the accounting period was 63. Alcester Academy recruits widely and encourages applications from all for any vacancy that exists in the Academy and is aware of the requirements placed upon it by both the Equality Act 2010 and the Disability Equality Duty in the Disability Discrimination Act.

Employee Consultation

Arrangements to provide information and consult employees on matters affecting them are in place principally through regular staff meetings. In addition, 'Staff Voice', a body which includes representatives from all main elements of the staff base, meets every term to discuss various matters in relation to the academy, and feedback from this meeting is presented to the Board of Trustees.

Financial Review

Movement on reserves

The Statement of Financial Activities (page 22) and Note 16 Funds (page 38) show the movements on funds. The Funds are the Restricted General Fund (which includes the General reserve and the Pension reserve), the Fixed assets fund or reserve and the Unrestricted General Fund.

Excluding the pension reserve deficit, the general reserve in which the educational activities are accounted shows an income of £2,790,000 and expenditure of £3,071,000 hence a net deficit of £281,000 for the year, and has a cumulative balance of £1,362,000. This balance will be used to finance the academy over the coming years if pupil numbers decline.

The unrestricted reserve is where fund raising and non educational activities are accounted. This has a surplus of £8,000 and a carry forward balance of £32,000, mainly as a result of interest earned on bank deposits. This unrestricted reserve can be used for any charitable purpose.

The fixed asset reserve is where the capital activities of the academy are accounted. The movement represents capital grant income, capital purchases and depreciation of fixed assets. The net movements for the year were a £452,000 deficit with a carry forward surplus of £7,954,000.

Finally, the pension reserve represents the value of the Local Government Pension Scheme (LGPS) which is in deficit. In the year, the deficit reduced by £574,000 and the reserve now has a negative balance of £1,096,000. The academy has no influence over the pension reserve which is subject to an annual independent actuarial valuation.

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Financial Performance

The academy accounts are prepared in accordance with requirements set by the ESFA and as such the income and expenditure includes amounts that are related to capital projects and these can distort the figures. In this year the academy expenses shown on page 22 of £3,071,000 include £81,000 related to work on the replacement of boiling and heating systems. The income of £2,798,000 does not include any capital funds and therefore the deficit for the year excluding depreciation and the expenditure on capital projects and before pension actuarial movement was £192,000. Due to pupil numbers income is budgeted to be below this year's level for the next three years and therefore we will use some of our historic reserves to make up the shortfall of grant income.

Reserves Policy

The Academy's reserves policy is to maintain the General reserve at a sufficient level to sustain operations during the years when ESFA grant funding may not be sufficient to cover annual costs. The Unrestricted reserve is to be used for financing any potential commercial opportunities.

Investment Policy

The Academy's policy is to ensure funds that are not immediately required to cover anticipated expenditure are invested to maximise the Academy's income but with minimal risk. Presently approximately 50% of the Academies reserves are held on 32 day notice variable interest deposit. The Academy does not consider the investment of surplus funds as a primary activity, rather as an act of good stewardship as and when circumstances allow.

Financial monitoring

The principal financial management policies adopted continue to be regular financial reviews, of income and expenditure through the analysis of actuals, budgets, forecasts and plans. These are conducted regularly with the Head teacher and at the Finance and Audit Committee meetings.

Financial Plans for the future

The Academy has a five year Strategic Plan in place. This Plan is based on achieving a number of academic and financial targets. The Academy's site capital requirements are continuously reviewed and in 2016 the Academy learnt that it had been awarded a further significant Capital Maintenance Fund grant of £533k for the replacement of boilers and heating systems. This, following a grant received in 2015 for the replacement of the window and drains. This work was complete at year end.

There is also an ongoing Staff Development programme in place to ensure the teaching staff are well supported and assisted to enable them to achieve good academic results.

Principal Risks and Uncertainties

The Academy has a Risk Management Policy, a risk register and risk review process. The objective is to, where it is considered necessary, put in place measures of control and mitigation in order to effectively manage risk.

The principal risk facing the Academy is the medium term demand for the Academy's services. There are falling pupil numbers in South Warwickshire and hence a drop in the grant funding. This risk is being managed through the implementation of a five year rolling financial plan, which involves regular monitoring and forecasting. The overall aim of which is to build up reserves to enable the Academy to sustain itself until pupil numbers recover. Associated with the principal risk are the secondary risks which would harm the medium term demand such as an unfavourable Ofsted report, competition for pupils from other local schools and other competing demands for ESFA and Local Authority funding.

In addition there are the usual risks of accidents and natural disasters and the need to maintain standards across the Academy. Control measures are in place to address all the above risks and to continue to monitor the internal and external environment for new potential risk.

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Funds Held on Behalf of Others

The Academy operates School Fund accounting records for the purpose of managing income and expenditure for trips, activities and other events undertaken for students. The School Fund income and expenditure and creditor balances are included in the year end accounts of the Academy for the period ending 31 August 2017.

Auditor

Insofar as the Trustees are aware:

- There is no relevant audit information of which the Charitable Company's auditor is unaware ; and
- The Trustees 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 if that information.

The Trustees' report, incorporating a strategic report, was approved by order of the governing body, as the company directors, on 19 December 2017 and signed on its behalf by:



Mr P Hyde, Head Teacher
Governor and Accounting Officer



Mr M Dean
Chair of Trustees

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that Alcester 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, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Alcester Academy and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The governing body has formally met 7 times during the year. Attendance during the year at meetings of the governing body was as follows:

Trustee	Meetings attended	Out of a possible
Ms H Allen	6	7
Miss K Buckthorp	7	7
Ms C Craig	6	7
Mr A Dean	5	7
Mr M Dean, Chair	6	7
Mrs J Dunbar	2	7
Ms K Evason	5	7
Mrs G Forman	6	7
Mrs S Foster (resigned 5 July 2017)	7	7
Mr M Gittus	0	7
Mrs C Hodgetts	6	7
Mr Paul Hyde, Head Teacher	6	7
Mrs C Leeson	6	7
Mr A Lewis	6	7
Mrs F Williams	7	7

The Finance and Audit Committee is a sub-committee of the main governing body. Its purpose is to assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr A Dean, Responsible Officer	4	6
Ms C Craig	6	6
Mrs G Forman	6	6
Ms K Evason	3	6

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GOVERNANCE STATEMENT (continued)

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:

Alcester Academy achieved record GCSE results in Mathematics in 2016/17.

- 84% of students achieved a grade 4+ in English & Maths.
- 71% of students achieved a grade 5+ in English & Maths.
- Progress rates in English and Maths are significantly above the national averages.
- Our Progress 8 and Attainment 8 results are well above the national averages.
- The Trust has invested its Pupil Premium allocation over the last year into interventions; resources and staffing that specifically target barriers to learning such as behaviour, punctuality and attendance. As a result of this focussed practice, our Pupil Premium students achieved a Progress 8 measure of 0.12 which compares very favourably against the national picture.

NEET (Not in employment, education or training)

The Trust prides itself that for the last 3 years it has achieved NEET figures well below national averages and Warwickshire averages. This is a significant achievement given the current economic climate and is another measure that demonstrates that the Trust invests its money in curriculum delivery, interventions, vocational courses and careers guidance effectively.

To ensure that standards are continually raised the Trust also:

- Operated a programme of lesson observations linked to teacher appraisal throughout the academic year;
- Operated a programme of departmental monitoring, evaluation and review throughout the academic year;
- Continuously assessed the progress for students at KS2 to KS3, KS2 to KS4;
- Implemented a weekly Raising Achievement Meeting chaired by the Head Teacher

The Trust ensured that the staffing structure was deployed to support an improved curriculum. Most recent examples of this are:

- Improved focus on the progress of the most vulnerable groups of students
- Improved and increased intervention at KS4 via one to one tuition and assertive mentoring.
- Employed additional staff in English and Maths to further drive up standards
- Implementation of a Saturday School programme to offer an additional 3 hours per week of focussed support for individuals.

The Trust also invested funding in a number of key areas to benefit individual and groups of students as follows:

- Investment in behaviour & engagement strategies aimed at students at risk of exclusion.
- Intervention strategies including one to one, small group work and assertive mentoring

Most Able

The Trust also had an active programme to support its most gifted and talented students with partnerships with a number of organisations.

- 23% of all entries were grades grade 9-7 or A*-A.

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GOVERNANCE STATEMENT (continued)

Support beyond Alcester Academy

The Trust provides support for other educational establishments through:

- The Head Teacher is the Chair of the South Warwickshire Education Partnership
- The Head Teacher sits on the Warwickshire Education Challenge Board
- The academy has led reviews in other schools, including reviews of Mathematics and Pupil Premium.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Alcester Academy for the year 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 ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 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 and Audit 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 Academy has a set of operational policies and procedures in place which are kept up to date.

The board of trustees appointed external consultants to undertake a support role and to perform checks. During the year internal control checks included; payroll, credit cards, submissions to the ESFA, purchases, expense claims, bank and cash, and control reconciliations.

The appointee's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems.

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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 Finance Committee;
- the work of the external auditors;
- the work of an external financial consultant;
- the finance sections ongoing internal control checks;
- the work of the managers within the Academy who have management control responsibilities.

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

Approved by order of the members of the governing body on 19 December 2017 and signed on their behalf, by:



Mr M Dean
Chair of Trustees



Mr P Hyde
Accounting Officer

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

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

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

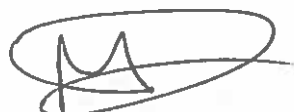
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 ESFA/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 19 December 2017 and signed on its behalf by:



M Dean
Chair of Trustees

ALCESTER ACADEMY
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Alcester Academy I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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



P Hyde
Accounting Officer

ALCESTER ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
ALCESTER ACADEMY**

OPINION

We have audited the financial statements of Alcester Academy for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 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 Academy'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 OF 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

- the 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'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

ALCESTER ACADEMY
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
ALCESTER ACADEMY**

In the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy's or to cease operations, or have no realistic alternative but to do so.

ALCESTER ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
ALCESTER ACADEMY**

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. The description forms part of our Auditor's report.

Smith Cooper limited

Adrian Jones (Senior statutory auditor)

for and on behalf of

Smith Cooper Limited

Chartered Accountants
Statutory Auditors

158 Edmund Street
Birmingham
West Midlands
B3 2HB

Date: *20 December 2017*

ALCESTER ACADEMY
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ALCESTER ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 14 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) 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 Alcester Academy during the year 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 Alcester Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Alcester Academy and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Alcester Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of Alcester Academy's funding agreement with the Secretary of State for Education dated 1 August 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 year 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 ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- consideration on a sample basis of whether all activities of the Academy are in keeping with the Academy's framework and charitable objectives;
- confirmation on a sample basis, that expenditure does not contravene the funding agreement;
- understanding the internal control framework and testing on a sample basis the regularity and propriety of purchases;
- a review of minutes of applicable committee meetings;
- testing on a sample basis, that the use of credit cards and expense claims adheres to the Academy's

ALCESTER ACADEMY
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ALCESTER ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)

- internal control principles; were not used to procure items for personal benefit and that there were no improper transactions;
- reviewing records for indications of transactions with related parties and consideration as to whether any such transactions are in accordance with the Financial Handbook
 - enquiry to ensure that extra-contractual payments to staff have been made in accordance with the Financial Handbook;
 - enquiries of the trustees and testing where appropriate, as to the existence of any borrowing agreements, leases or land and building transactions to ensure that they were in line with the funding agreement and Financial Handbook;
 - a review to ensure any debt write offs over 1% of total income or £45,000 (whichever is smaller) have been approved by the Secretary of State.

CONCLUSION

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

Smith Cooper Limited

Adrian Jones

Smith Cooper Limited

Chartered Accountants
Statutory Auditors

158 Edmund Street
Birmingham
West Midlands
B3 2HB

Date: *20 December 2017*

ALCESTER ACADEMY
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
INCOME FROM:						
Donations and capital grants	2	-	1	-	1	649
Charitable activities	4	-	2,567	-	2,567	2,939
Investment income	3	8	-	-	8	7
Other income		-	222	-	222	177
TOTAL INCOME		8	2,790	-	2,798	3,772
EXPENDITURE ON:						
Charitable activities		-	3,071	452	3,523	3,223
TOTAL EXPENDITURE	5	-	3,071	452	3,523	3,223
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		8	(281)	(452)	(725)	549
Actuarial gains/(losses) on defined benefit pension schemes	20	-	662	-	662	(570)
NET MOVEMENT IN FUNDS		8	381	(452)	(63)	(21)
RECONCILIATION OF FUNDS:						
Total funds brought forward		24	(115)	8,406	8,315	8,336
TOTAL FUNDS CARRIED FORWARD		32	266	7,954	8,252	8,315

The notes on pages 25 to 44 form part of these financial statements.

ALCESTER ACADEMY
(A company limited by guarantee)
REGISTERED NUMBER: 07700251

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£000	2017 £000	2016 £000
FIXED ASSETS				
Tangible assets	13		7,922	8,012
CURRENT ASSETS				
Debtors	14	49		185
Cash at bank and in hand		1,615		2,200
		<u>1,664</u>		<u>2,385</u>
CREDITORS: amounts falling due within one year	15	<u>(238)</u>		<u>(412)</u>
NET CURRENT ASSETS			<u>1,426</u>	<u>1,973</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,348</u>	<u>9,985</u>
Defined benefit pension scheme liability	20		<u>(1,096)</u>	<u>(1,670)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>8,252</u></u>	<u><u>8,315</u></u>
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted funds	16	1,362		1,555
Restricted fixed asset funds	16	7,954		8,406
Restricted funds excluding pension liability		<u>9,316</u>		<u>9,961</u>
Pension reserve		<u>(1,096)</u>		<u>(1,670)</u>
Total restricted funds			<u>8,220</u>	<u>8,291</u>
Unrestricted income funds	16		<u>32</u>	<u>24</u>
TOTAL FUNDS			<u><u>8,252</u></u>	<u><u>8,315</u></u>

The financial statements on pages 22 to 44 were approved by the Trustees, and authorised for issue, on 19 December 2017 and are signed on their behalf, by:



Mr M Dean
Chair of Trustees

ALCESTER ACADEMY
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	18	<u>(232)</u>	<u>357</u>
Cash flows from investing activities:			
Interest		8	7
Purchase of tangible fixed assets		(361)	(947)
Capital grants from DfE/ESFA		-	660
Net cash used in investing activities		<u>(353)</u>	<u>(280)</u>
Change in cash and cash equivalents in the year		(585)	77
Cash and cash equivalents brought forward		<u>2,200</u>	<u>2,123</u>
Cash and cash equivalents carried forward	19	<u><u>1,615</u></u>	<u><u>2,200</u></u>

ALCESTER ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Alcester Academy constitutes a public benefit entity as defined by FRS 102.

1.2 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 the Department for Education where the asset acquired or created is held for a specific purpose.

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

ALCESTER ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

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

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

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

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

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

ALCESTER ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

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

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

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

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

Long Term Leasehold Buildings	-	4%
Fixtures, fittings and equipment	-	20%
Computer equipment	-	20%

ALCESTER ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.7 Operating leases

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

1.8 Taxation

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

1.9 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the Bank.

1.10 Debtors

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

1.11 Cash at Bank and in hand

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

1.12 Pensions

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

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

ALCESTER ACADEMY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (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 incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.13 Liabilities and provisions

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

1.14 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. 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 costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

ALCESTER ACADEMY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

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

Critical areas of judgment:

The trustees have elected to use the valuation of land and buildings which took place on conversion to an academy as the deemed cost under FRS102.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	<i>Total funds 2016 £000</i>
Donations from parents	-	1	-
Capital Grants	-	-	649
	<hr/>	<hr/>	<hr/>
	-	1	649
	<hr/>	<hr/>	<hr/>
<i>Total 2016</i>	<hr/> 649 <hr/>	<hr/> 649 <hr/>	

ALCESTER ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

3. INVESTMENT INCOME

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Bank interest	8	-	8	7
<i>Total 2016</i>	<u>7</u>	<u>-</u>	<u>7</u>	

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
DfE/ESFA grants			
General Annual Grant (GAG)	2,399	2,399	2,648
Capital funding	-	-	11
Other DfE / EFA Grants	95	95	135
Other income	2	2	-
	<u>2,496</u>	<u>2,496</u>	<u>2,794</u>
Other government grants			
Local Authority Grants	44	44	31
Other Grants	27	27	97
Other Income	-	-	17
	<u>71</u>	<u>71</u>	<u>145</u>
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,567</u>	<u>2,567</u>	<u>2,939</u>
<i>Total 2016</i>	<u>2,939</u>	<u>2,939</u>	

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5. EXPENDITURE

	Staff costs 2017 £000	Premises 2017 £000	Other costs 2017 £000	Total 2017 £000	Total 2016 £000
Academy's educational activities:					
Direct costs	1,995	437	176	2,608	2,454
Support costs	286	253	376	915	769
	<u>2,281</u>	<u>690</u>	<u>552</u>	<u>3,523</u>	<u>3,223</u>
<i>Total 2016</i>	<u>2,136</u>	<u>327</u>	<u>760</u>	<u>3,223</u>	

6. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2017 £000	Support costs 2017 £000	Total 2017 £000	Total 2016 £000
Academy's educational operations	2,608	915	3,523	3,223
<i>Total 2016</i>	<u>2,454</u>	<u>769</u>	<u>3,223</u>	

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FOR THE YEAR ENDED 31 AUGUST 2017**

6. ANALYSIS OF EXPENDITURE BY ACTIVITIES (continued)

Analysis of support costs

	Total 2017 £000	Total 2016 £000
Staff costs	288	250
Recruitment	9	6
Maintenance of premises and equipment	84	73
Maintenance of grounds	8	7
Utilities	66	57
Rates	19	20
Cleaning and caretaking	76	72
ICT	52	37
Insurance	17	20
Advertising	1	-
Other support costs	107	76
Legal and professional	12	12
Audit	16	7
Accountancy	7	7
School trip costs	152	91
Departmental activities & events	1	34
	915	769
	915	769
<i>At 31 August 2016</i>	769	769
	769	769

7. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets:		
- owned by the charity	451	359
Operating lease rentals	8	8
	459	367

8. AUDITORS' REMUNERATION

	2017 £000	2016 £000
Fees payable to the Academy's auditor and its associates for the audit of the Academy's annual accounts	6	6
Fees payable to the Academy's auditor in respect of: All other non-audit services not included above	3	4
	9	10

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**NOTES TO THE FINANCIAL STATEMENTS
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9. STAFF COSTS

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	1,749	1,683
Social security costs	165	141
Operating costs of defined benefit pension schemes	367	309
	2,281	2,133
	2,281	2,133

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

	2017 No.	2016 No.
Teaching	32	32
Classroom Support	24	23
Administration Support	7	8
	63	63
	63	63

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teaching	27	27
Classroom Support	17	16
Administration Support	7	6
Management	3	3
	54	52
	54	52

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	1	0

The above employees participated in the Teachers' Pension Scheme. During the year end to 31 August 2017 pension contributions for these staff members amounted to £24,000 (2016: £23,000).

The key management personnel of the academy trust comprise the trustees and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £234,000 (2016: £222,000).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. TRUSTEES' REMUNERATION AND EXPENSES

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

		2017	2016
		£000	£000
P Hyde, Head Teacher and Trustee	Remuneration	80-85	75-80
	Pension contributions paid	10-15	10-15
K Buckthorp, Staff Trustee	Remuneration	50-55	45-50
	Pension contributions paid	5-10	5-10
H Black, Staff Trustee	Remuneration		20-25
	Pension contributions paid		0-5
K Evason, Staff Trustee	Remuneration	25-30	20-25
	Pension contributions paid	0-5	0-5

During the year ended 31 August 2017, two of the staff trustees received reimbursement for school expenses which they had incurred personally. Total reimbursed was £528 pounds (2016: nil)

11. TRUSTEES' AND OFFICERS' INSURANCE

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

12. OTHER FINANCE COST

	2017	2016
	£000	£000
Interest income on pension scheme assets	27	38
Interest on pension scheme liabilities	(63)	(78)
	<u>(36)</u>	<u>(40)</u>
	<u><u>(36)</u></u>	<u><u>(40)</u></u>

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13. TANGIBLE FIXED ASSETS

	Leasehold Property £000	Fixtures, fittings and equipment £000	Computer equipment £000	Assets under construction £000	Total £000
Cost					
At 1 September 2016	7,487	1,881	57	115	9,540
Additions	-	361	-	-	361
Transfer between classes	-	115	-	(115)	-
At 31 August 2017	<u>7,487</u>	<u>2,357</u>	<u>57</u>	<u>-</u>	<u>9,901</u>
Depreciation					
At 1 September 2016	1,252	229	47	-	1,528
Charge for the year	256	192	3	-	451
At 31 August 2017	<u>1,508</u>	<u>421</u>	<u>50</u>	<u>-</u>	<u>1,979</u>
Net book value					
At 31 August 2017	<u>5,979</u>	<u>1,936</u>	<u>7</u>	<u>-</u>	<u>7,922</u>
At 31 August 2016	<u>6,235</u>	<u>1,652</u>	<u>10</u>	<u>115</u>	<u>8,012</u>

14. DEBTORS

	2017 £000	2016 £000
Trade debtors	2	1
Prepayments and accrued income	38	36
VAT Recoverable	9	38
Grants Receivable	-	110
	<u>49</u>	<u>185</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

15. CREDITORS: Amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	28	79
Other taxation and social security	43	42
Other creditors	43	-
Accruals and deferred income	124	291
	238	412
	238	412

	2017 £000	2016 £000
Deferred income		
Deferred income at 1 September 2016	124	56
Resources deferred during the year	89	124
Amounts released from previous years	(124)	(56)
	89	124
Deferred income at 31 August 2017	89	124

Deferred income at 31 August 2017 relates to funding in advance of £14,000 (2016 - £31,000), School Trip Income £59,000 (2016 - £71,000) and other items of £16,000 (2016 - £22,000).

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**NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
Unrestricted funds					
General funds	24	8	-	-	32
Restricted funds					
General Annual Grant (GAG)	1,245	2,494	(2,429)	-	1,310
Other government grants - SEN	258	82	(340)	-	-
Other	52	214	(214)	-	52
Pension reserve	(1,670)	-	(88)	662	(1,096)
	(115)	2,790	(3,071)	662	266
Restricted fixed asset funds					
Capital grant	2,189	-	(196)	-	1,993
Transfer from predecessor school	6,172	-	(256)	-	5,916
Capital expenditure from GAG	45	-	-	-	45
	8,406	-	(452)	-	7,954
Total restricted funds	8,291	2,790	(3,523)	662	8,220
Total of funds	8,315	2,798	(3,523)	662	8,252

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

The restricted fund includes grants receivable from the ESFA, other grants, other income, amounts transferred from the predecessor school and the pension reserve, all funds to be used for the educational activities of the academy.

The restricted fixed asset fund includes amounts receivable from the ESFA and fixed assets transferred from the predecessor school in respect of tangible fixed assets held for the Academy use. Depreciation is charged against this fund together with fixed asset purchases and certain maintenance and replacement costs.

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

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**NOTES TO THE FINANCIAL STATEMENTS
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17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	-	-	7,922	7,922
Current assets	32	1,556	74	1,662
Creditors due within one year	-	(194)	(42)	(236)
Pension liability	-	(1,096)	-	(1,096)
	<u>32</u>	<u>266</u>	<u>7,954</u>	<u>8,252</u>

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

	2017 £000	2016 £000
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(725)	549
Adjustment for:		
Depreciation charges	451	359
Interest	(8)	(7)
Decrease/(increase) in debtors	136	(39)
(Decrease)/increase in creditors	(174)	99
Capital grants from DfE and other capital income	-	(660)
Defined benefit pension scheme cost less contributions payable	52	16
Defined benefit pension scheme finance cost	36	40
Net cash (used in)/provided by operating activities	<u>(232)</u>	<u>357</u>

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £000	2016 £000
Cash at bank and in hand	1,615	2,200
Total	<u>1,615</u>	<u>2,200</u>

20. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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20. PENSION COMMITMENTS (continued)

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS 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 £196,000 (2016 - £189,000).

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

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

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20. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £135,000 (2016 - £124,000), of which employer's contributions totalled £110,000 (2016 - £100,000) and employees' contributions totalled £25,000 (2016 - £24,000). The agreed contribution rates for future years are 18.5% for employers and up to 8.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.40 %	2.10 %
Rate of increase in salaries	3.00 %	4.10 %
Rate of increase for pensions in payment / inflation	2.50 %	2.10 %
Commutation of pensions to lump sums	50.00 %	50.00 %

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

	2017	2016
Retiring today		
Males	22.5	22.4
Females	24.7	24.4
Retiring in 20 years		
Males	24.3	24.3
Females	26.7	26.6

	At 31 August 2017 £000	At 31 August 2016 £000
Sensitivity analysis		
Discount rate -0.5%	306	390
Salary increase rate +0.5%	63	156
Pension increase rate +0.5%	238	220

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20. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £000
Equities	992
Bonds	336
Property	168
Cash	30
Total market value of assets	1,526

The actual return on scheme assets was £172,000 (2016 - £186,000).

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

	2017 £000	2016 £000
Interest income	27	38
Interest cost	(63)	(78)
Current service cost	(162)	(116)
Total	(198)	(156)

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

	2017 £000	2016 £000
Opening defined benefit obligation	2,905	1,975
Current service cost	162	116
Interest cost	63	78
Employee contributions	25	24
Actuarial (gains)/losses	(517)	718
Benefits paid	(16)	(6)
Closing defined benefit obligation	2,622	2,905

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20. PENSION COMMITMENTS (continued)

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

	2017	2016
	£000	£000
Opening fair value of scheme assets	1,235	931
Return on plan assets (excluding net interest on the net defined pension liability)	27	38
Actuarial losses	145	148
Employer contributions	110	100
Employee contributions	25	24
Benefits paid	(16)	(6)
	1,526	1,235
Closing fair value of scheme assets	1,526	1,235

PENSION LIABILITY

	2017	2016
	£000	£000
Fair value of scheme assets	1,526	1,235
Defined benefit obligation	(2,622)	(2,905)
	(1,096)	(1,670)
Balance sheet liability	(1,096)	(1,670)

21. OPERATING LEASE COMMITMENTS

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

	2017	2016
	£000	£000
Amounts payable:		
Within 1 year	8	8
Between 1 and 5 years	2	17
	10	25
Total	10	25

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NOTES TO THE FINANCIAL STATEMENTS
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22. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, transactions will occasionally take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

There have been no transactions with related parties during the period.

23. MEMBERS' LIABILITY

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