

**ANGLO EUROPEAN ACADEMY TRUST**

**A Charitable Company Limited by Guarantee**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2016**

**ANGLO EUROPEAN ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2016**

<b>Members</b>	Mr K Hoyle Mr P Mason Mr H Sweet Mrs H Gulowsen
<b>Trustees</b>	Mr K Hoyle, Community Governor Mr P Mason, Co-opted Governor Mrs H Gulowsen, Chair, Elected Parent Governor Mr D Barrs, Co-Headteacher Mr R Brown, Associate Member (resigned 21 March 2016) Mr J Burrows, Elected Staff Governor (resigned 1 October 2015) Mr R Franklin, Co-opted Governor Mr D Frost, Authority Governor Mr G Lafosse, Elected Parent Governor Mrs M Ruschen, Elected Parent Governor Mr H Sweet, Elected Parent Governor Mr M Whalley, Anglo European Co-Operative Trust - Co-Operative Star Mrs J McAuliffe, Elected Parent Governor Miss C Dawton, Elected Staff Governor Mr S Caldwell, Elected Staff Governor Mr M Frost, Anglo European Co-Operative Trust - Anglia Ruskin University Mrs C Penn (appointed 1 September 2015) Mrs J Gee, Co-Headteacher (appointed 1 September 2015) Mr N Richards (appointed 16 March 2016) Mrs A Rowland (appointed 2 December 2015)
<b>Chief Executive Officers</b>	Mr D Barrs & Mrs J Gee
<b>Accounting Officer</b>	Mr D Barrs
<b>Senior Management Team</b>	Mr D Barrs, Headteacher and Accounting Officer Mrs J Gee, Headteacher Mr S Cain, Deputy Headteacher Mrs V Miller, Director of Finance and Business manager Mr D Priestley, Assistant Headteacher and Assistant Designated Safeguarding Lead Mrs s Bain, Assistant Headteacher and Designated Safeguarding Lead Mr G Headley, Assistant Headteacher Mr S Newton, Director of Sixth Form
<b>Company name</b>	Anglo European Academy Trust
<b>Registered and principal office</b>	Willow Green Ingatestone Essex CM4 0DJ
<b>Company registered number</b>	07846848
<b>Independent Auditors</b>	Price Bailey LLP Chartered Accountants Statutory Auditors Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**Advisers (continued)**

**Bankers**

Lloyds TSB  
77-81 High Street  
Chelmsford  
Essex  
CM1 1DU

Barclays  
69 High Street  
Billericay  
Essex  
CM12 9AU

National Savings & Investments  
Glasgow  
G58 1SB

**ANGLO EUROPEAN ACADEMY TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

The Governors present their Annual Report together with the financial statements and Auditor's Report of Anglo European School (the School, Academy or Charitable Company) for the year ended 31 August 2016. The Annual Report serves the purposes of both a Governors' Report, and a Directors' Report under company law.

The Charitable Company operates as a school for pupils aged 11-19 serving a catchment area of children permanently residing in the priority admission area of the parishes of Ingatestone, Mountnessing and Margaretting or children attending Ingatestone and Fryerning Junior School, Margaretting Primary School or Mountnessing Primary School and on roll for Year 6. It has a pupil capacity of 1350 and had a roll of 1331 in the October 2015 school census.

**Structure, Governance and Management**

The School is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Governors of The Charitable Company are also the Directors for the purposes of company law. The terms Trustee, Director and Governor are interchangeable. The Charitable Company is known as Anglo European School.

Details of the Governors who served during the year are included in the Reference and Administrative Details section.

**Members' Liability**

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

**Governors and Officers' Indemnities**

In accordance with normal commercial practice the School has purchased insurance to protect Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. The insurance provides cover up to £5,000,000 on any one claim and details of the costs are disclosed in Note 10 to the accounts.

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

The arrangements are as set out in the Articles and Funding Agreement.

Governors are appointed for a fixed term. The Headteachers are full members of the Governing Body. Parent Governors and the staff Governors are elected to office or appointed if there are insufficient candidates offering themselves for election. The Articles of Association make provision for a minimum of four Staff Governors comprising of at least one professional support staff (we have 4 Staff Governors), a minimum of four Parent Governors; (we have 4 Parent Governors), a minimum of one Community Governor; (we have 2 Community Governors), the LA Governor if appointed under Article 64; (we have 1 LA Governor), a minimum of one Governor appointed by the Schools Co-operative Society; (we have 2 Co-operative Trust Governors), if the Forum so requests and the Governors agree a Governor or Governors appointed by Partner Organisations; (we have none), two Governors appointed by Anglo European Co-operative Trust which shall be a Partner Organisation; (we have none), the Principal; (we have 2 Headteachers), 3 co-opted Governors (we have 3 co-opted Governors)

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

The Charitable Company is committed to providing adequate opportunities for all new Governors who are required to attend a training programme appropriate to their background and experience. The induction programme would involve a briefing by the Chair of Governors and the Headteachers, followed by a tour of the School, meetings with students and staff and provision of handbook, policy and procedures documents supplied by the Headteachers and Clerk that are appropriate to the role they undertake as Governors. Each Governor is automatically a member of all committees, but will be asked to indicate a specific committee of which they would prefer to be a member to ensure that each committee has a regular core membership.

**Organisational Structure**

The governance of the School is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

The Governing Body (the Board), which meets on at 4 occasions per year and each individual committee at least 3 times per year, is responsible for the strategic direction of the Academy. The Board reviews progress towards educational objectives and results; approves major expenditure requests; sets the budget for the following year; sets the organisational staffing structure; agrees the performance objectives of the Headteacher with the School Improvement Partner, and reviews them.

One Headteacher is the designated Accounting Officer of the Academy and has overall responsibility for the day to day financial management of the Charitable Company. The Headteachers have delegated responsibility for low values of expenditure to specific budget holders who are responsible for managing their own departments within their allocated budgets. A system of financial controls is in place to manage this process.

The Headteachers manage the School on a daily basis supported by a Senior Leadership Team (SLT). The SLT meets weekly to discuss emerging matters and to help to develop strategies for future development to be put to the Headteacher and the Board as required for approval. Each member of the SLT has specific responsibilities to assist the Headteachers to manage certain aspects of the Academy. The SLT consists of the following members of staff up until August 2016.

Mr David Barrs – Headteacher and Accounting Officer  
Mrs Jody Gee – Headteacher  
Mr Steve Cain – Deputy Headteacher  
Mrs Vivienne Miller – Director of Finance- Business Manager  
Mr Darren Priestley – Assistant Headteacher – Assistant Designated Safeguarding Lead  
Mrs Sarah Bain – Assistant Headteacher – Designated Safeguarding Lead  
Mr Graham Headley – Assistant Headteacher  
Mr Stuart Newton – Director of Sixth Form

There are also two additional members of staff who are seconded to the SLT as part of their professional development for a two year period giving 10 members in total until August 2016.

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

Key management personnel include Staff Governors and those staff to whom the Governors have delegated significant authority and responsibility in the day-to-day running of the School

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the school group size, ISR, the pay scales for each role and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the School's appointment and pay policies.

All amendments to key management's pay and remuneration is approved by the appropriate sub-committee and ratified by the Board.

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

Owing to the nature of the School's operations and the composition of the Board being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which members of the Board may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the School's financial regulations and normal procedures. Any transaction where the Governor may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The School cooperated with the following organisations during the academic year in pursuit of its charitable activities: Anglia Ruskin University and Chelmsford Star Co-operative.

The School does not have a formal sponsor

#### **Objectives and Activities**

##### **Objects and Aims**

The principal object and aim of the Charitable Company is the operation of Anglo European School to provide free education and care for pupils of different abilities between the ages of 11 and 19.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**Objectives, Strategies and Activities**

The School aims to develop inquiring, knowledgeable and caring young people who help to create a better and more peaceful world through intercultural understanding and respect.

Our educational programmes encourage students from diverse backgrounds to become active, compassionate and lifelong learners who understand that other people, with their differences, can also be right.

The aim of all programmes is to develop internationally minded people who, recognising their common humanity and shared guardianship of the planet, help to create a better and more peaceful world.

**A Strategic Aims – 2015 - 2016**

To ensure continued School improvement by further developing its international ethos, an inter-disciplinary International curriculum with our Trust partners and the strengthening of international partnerships.

To secure outstanding progress for all students through outstanding teaching and learning, diversification of provision and personalisation of the learning experience.

To develop a new coherent assessment, data, recording, target setting and reporting systems to ensure accurate monitoring of levels of progress and to inform focused intervention, providing clear guidance for students and parents about how to improve.

During the year the School has worked towards achieving these aims by:

- ensuring that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- raising the standard of educational achievement of all pupils;
- improving the effectiveness of the School by keeping the curriculum and organisational structure under continual review;
- providing value for money for the funds expended;
- complying with all appropriate statutory and curriculum requirements; and
- conducting the School's business in accordance with the highest standards of integrity.

At the Anglo European School we aim to get the best for, and from, each child. We intend to enable each child to realise her or his full academic, creative and physical potential and to develop positive social and moral values. This is achieved in the context of a deeply imbedded international ethos which permeates all aspects of the School.

Our success in fulfilling our aims can be measured by:

- Student destination data.
- Applications for places at the School.
- Examination results.

**Public Benefit**

The Governors believe that by working towards the objects and aims of the School as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

**Strategic Report**

**Achievements and Performance**

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Results 2016	Notable achievements
<b>Sixth Form</b>		
Destinations:      % Russell Group University	42%	
% First choice university	79%	
Average UCAS points score ( data in brackets excludes General Studies & EPQ)	367 (353)	
IB Diploma average points score	35	With average point score continuing to exceed world average of points 30
Average IB Diploma UCAS points score	503	Highest AES Diploma score 43 points
Average A-Level only UCAS points score	326 (308)	
% A*/B grades A-level only candidates	52%	
Average AL/IB Standard UCAS points score	313 (296)	
Average IBCP UCAS points score	212 (189)	
Numbers entered for IB Diploma	37	
Numbers entered for A-level only	72	
Number entered AL / IBS combination	20	
Number entered IBCP	7	
<b>GCSE</b>		
Average GCSE points score	417	
Overall % pass rate A*-G	100%	
Overall % pass rate A/A*	32%	National average for 2016 is 20.5%
% gaining 5+ A*-C	78%	National average for 2016 is 66.9%
% gaining 5+ A*-C inc. Mathematics and English	68%	National average for 2016 is 55%
% gaining A* - C one or more languages	77%	
% gaining A* - C two languages or more	63%	
% gaining English Baccalaureate subjects	50%	
Number of students in year group	208	
Number of students taking examinations	208	
<b>Progress Measures</b>		
KS2 - 4 English (making 3+ levels progress)	82%	
KS2 - 4 Mathematics (making 3+ levels progress)	71%	



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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

UCAS Points Guide: A\* 140, A 120, B 100, C 80, D 60, E 40

**IBDP** – International Baccalaureate Diploma Programme (an academic post-16 qualification recognised by universities throughout the world for its academic rigour)

**IBCP** – International Baccalaureate Career Programme (a career-related post-16 programme of study)

The School continued its mission to ensure that students achieved their potential in public examinations; encouraged a wide range of extra-curricular activities; developed and retained suitable staff and guided students to suitable destinations when they left the School.

Specific achievements were as follows:

- see examination results on previous page;
- accepted as a state school on Mandarin Expansion Programme;
- IB points score above world average again;
- 42% of upper sixth achieved places at Russell Group Universities;
- visit of US Ambassador;
- 40 students visit UN in Geneva; and
- restructuring to achieve a balanced budget.

#### **Key Performance Indicators**

The Board receive regular information at each committee meeting to enable them to monitor the performance of the School compared to aims, strategies and financial budgets.

As funding is based on pupil numbers this is a key performance indicator. Pupil numbers for 2016 were 1,324 against a forecast of 1,350

Another key financial performance indicator is staffing costs as a percentage of total income. For 2015/16 this was 80%. The Governing Body is confident that staffing levels are closely monitored to agreed Full Time Equivalent and staffing structures all approved by them.

The Finance and Resources Committee also monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately. All of the above KPI's were within the parameters set by the Board.

#### **Going Concern**

After making appropriate enquiries, the Board has a reasonable expectation that the School 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.

#### **Financial Review**

The principal source of funding for the School is the GAG and other grants that it receives from the Education Funding agency (EFA). For the year ended 31 August 2016 the School received £7,937,161 of GAG and other funding. A high percentage of this income is spent on salaries and support costs to deliver the School's primary objective of the provision of education. During the year the School spent £8,441,586. The School brought forward from 14/15, £Nil restricted funds and £455,613 unrestricted funding. The carry forward for 15/16 is £Nil restricted funding and £464,915 unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a significant pension fund deficit of £3,952,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

#### **Reserves Policy**

The Governors are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Governors monitor estimated year-end carry forward figures via the monthly reports from the Director of Finance/Business Manager. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

The School's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £464,915.

The School's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2016 was £464,915.

The cash balance of the School has been healthy all year, ending the year with a balance of £1,089,273. The Governors monitor cash flow as part of the committees Director of Finance/ Business Manager reports.

### **Investment Policy**

An Investment Policy was approved by the Board as part of the Financial Regulations policy March 2014.

The aim of the policy is to ensure funds that the Academy does not immediately need to cover anticipated expenditure are invested to maximise the Academy's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Academy does not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow.

### **Principal Risks and Uncertainties**

The School maintains a risk register identifying the major risks to which it is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk register process is undertaken on an annual basis and the internal control systems and the exposure to said risks are monitored on behalf of the Governors at each Finance meeting. The principal risks facing the School are outlined below; those facing it at an operational level are addressed by its systems and by internal financial and other controls.

The Governors report that the School's financial and internal controls conform to guidelines issued by the EFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As an academy school, the level of financial risk is medium. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

The Governors assess the other principal risks and uncertainties facing the School as follows:

- the School has considerable reliance on continued Government funding through the EFA and there is 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;
- failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the School's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Governors continue to review and ensure that appropriate measures are in place to mitigate these risks;
- reputational - the continuing success of the School is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors ensure that student progress and outcomes are closely monitored and reviewed;
- safeguarding and child protection - the Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;
- staffing - the success of the School is reliant on the quality of its staff and the Governors monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;
- fraud and mismanagement of funds - The School has appointed a Responsible Officer to carry out independent and external checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;
- financial instruments – the School only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any school ceasing to exist the main risk to the School is an annual cash flow funding of part of the deficit. Governors take these payments into account when setting the annual budget plan.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

The School has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

**Plans for Future Periods**

- three year plan to bring finances in balance;
- introduce charges for various non-statutory services;
- Performing Arts Centre; and
- maintain unique Baccalaureate education whilst responding to ongoing changes to curriculum and exams.

**Funds Held as Custodian Trustee on Behalf of Others**

No funds held on behalf of other organisations

**Auditor**

Insofar as the Governors are aware:

- there is no relevant audit 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 Auditors, Price Bailey LLP, are willing to continue in office and resolution to appoint them will be proposed at the Annual General Meeting

The Trustees' Report, incorporating a Strategic Report, was approved by the Board on 7 December 2016 and signed on it's behalf by:

**Mrs H Gulowsen**  
**Chair**

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**GOVERNANCE STATEMENT**

**SCOPE OF RESPONSIBILITY**

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

The Board has delegated the day-to-day responsibility to one of the co-Headteachers, 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 Anglo European School and the Secretary of State for Education. They are also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

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

Trustee	Meetings attended	Out of a possible
Mr K Hoyle	3	6
Mr P Mason	5	6
Mrs H Gulowsen	5	6
Mr D Barrs	6	6
Mr R Brown	3	3
Mr J Burrows	0	0
Mr R Franklin	6	6
Mr D Frost	6	6
Mr G Lafosse	2	6
Mrs M Ruschen	5	6
Mr H Sweet	4	6
Mr M Whalley	6	6
Mrs J McAuliffe	6	6
Miss C Dawton	4	5
Mr S Caldwell	0	5
Mr M Frost	6	6
Mrs C Penn	0	5
Mrs J Gee	5	6
Mr N Richards	1	2
Mrs A Rowland	1	5

There are no key changes in the composition of the Board of Trustees.

Amongst the challenges the governing body has dealt with this year are:

- Supporting and monitoring the preparation and implementation of an extensive restructuring programme to establish a secure financial future for the school.
- Developing the analytical abilities, diversity, and skill sets of the governing body.

A self-evaluation of the governing body based on the "20 questions every governing body should ask itself", including a skills audit and a 360 review of the Chair of Governors was conducted. At the first FGB meeting of the school year 1st September 2016, the governors discussed how they had performed against their agreed objectives.

Any areas for improvement identified will be addressed in the Governors' training and visits programme for next school year. Recruitment of new governors will be informed by the skills audit. Governors felt that the chair was thoughtful and effective, and the Chair also made a list of points where she felt she could improve. It was agreed that a meeting with the Head teachers would be arranged with the Chair and Vice Chair to discuss how to monitor progress on the objectives throughout the year.

It was agreed that the exercise was of value and should be repeated annually. Meetings to discuss the progress of the objectives are to take place throughout the year.

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**GOVERNANCE STATEMENT (continued)**

The Finance and Resources Committee is a sub-committee of the main Board. Its purpose is to address financial matters.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mrs H Gulowsen	4	4
Mr K Hoyle	2	4
Mr H Sweet	2	4
Mr M Frost	4	4
Mrs J McAuliffe	3	4
Mr D Frost	4	4
Mr P Mason	2	4
Mr R Brown	2	3
Mr D Barrs	3	4
Mrs J Gee	3	4

**REVIEW OF VALUE FOR MONEY**

As Accounting Officer, the Headteacher 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 report to the Board 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:

- Deploying our resources by ensuring that the education standards and levels of attainment for all pupils have continued to improve. We have had to reduce the curriculum by removing smaller groups and we have not replaced some staff when they have left in order to set a balanced budget. We continue to keep the staffing complement under review;
- Imposing strict financial procedures were, therefore greater accountability on spending was achieved. As all budget areas were under review, this resulted in a carry forward. Spending on maintenance, curriculum have been frozen. Only essential health and safety maintenance has been carried out;
- Carrying out a detailed pupil premium analysis was produced of how the pupil premium funding was spent and the impact of the funding for individual pupils;
- Winning a further bid for funds to demolish a 1968 building which had failed; and
- Areas where focus will be next year is on continuing to keep our staffing under review.

**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 Anglo European School for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the Annual Report and financial statements.

**CAPACITY TO HANDLE RISK**

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

**ANGLO EUROPEAN ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

**THE RISK AND CONTROL FRAMEWORK**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board;
- regular reviews by the Finance and Resources 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; and
- identification and management of risks.

The Board has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Paul Mason, a Trustee, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the RO reports to the Board on the operation of the systems of control and on the discharge of the Board's financial responsibilities.

The RO carries out checks in accordance with the guidelines set out in the Academies Financial Handbook. In addition he checks business credit card usage, petty cash, catering and currency cards. All items tested and documents seen are within the period currently reviewed. All necessary safeguards are checked to ensure they are in place. The RO also looks at the following:

- Supplier Statements
- Expenses Claims
- Payroll and evidence
- Risk Assessment
- Fraud Risk
- Expenditure Risk
- Fixed Assets Risk
- Stock Risk (Catering)
- Supplier Risk
- Compliance Risk
- Operational Risk
- Strategic Reputational Risks
- Macro-economic / Natural Disaster Risk
- Technology Risk

A full report is given to the governing body and discussed at the Full Governing Body meeting.

The RO has delivered his schedules of work. Minor material control issues that arose as a result of the work have had remedial action undertaken to rectify them.

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**GOVERNANCE STATEMENT (continued)**

**REVIEW OF EFFECTIVENESS**

As Accounting Officer, the Headteacher 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 Responsible Officer;
- the work of the external Auditors;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by the Board of Trustees on 7 December 2016 and signed on their behalf, by:

**Mrs H Gulowsen, Chair, Parent Governor**  
**Chair of Trustees**

**Mr D Barrs, Co-Headteacher**  
**Accounting Officer**

**ANGLO EUROPEAN ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of Anglo European Academy Trust I have considered my responsibility to notify the Board of Trustees and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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

**Mr D Barrs, Co-Headteacher**  
**Accounting Officer**

Date: 7 December 2016



**ANGLO EUROPEAN ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

The Governors (who act as Trustees for charitable activities of Anglo European School 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 Requirements issued by the EFA, United Kingdom Accounting Standards (UKGAAP) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK GAAP Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 the Board of Trustees on 7 December 2016 and signed on its behalf by:

**Mrs H Gulowsen**  
**Chair**

**ANGLO EUROPEAN ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ANGLO  
EUROPEAN ACADEMY TRUST**

We have audited the financial statements of Anglo European Academy Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

As explained more fully in the Trustee Responsibilities Statement, the Trustees (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.

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

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

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

**ANGLO EUROPEAN ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ANGLO  
EUROPEAN ACADEMY TRUST**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

Gary Miller (Senior Statutory Auditor)

for and on behalf of

**Price Bailey LLP**

Chartered Accountants  
Statutory Auditors

Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT  
7 December 2016

**ANGLO EUROPEAN ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ANGLO EUROPEAN ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 20 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Anglo European School during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF ANGLO EUROPEAN SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANTS**

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

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

**APPROACH**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Consideration and corroboration of the evidence supporting the Accounting Officers statement on regularity, propriety and compliance.
- Evaluation of the general control environment of the Academy Trust, extending the procedures required for financial statements to include regularity.
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

**ANGLO EUROPEAN ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ANGLO  
EUROPEAN ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

**CONCLUSION**

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

Reporting Accountant

**Price Bailey LLP**

Chartered Accountants

7 December 2016

**ANGLO EUROPEAN ACADEMY TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	3,399	348,540	58,305	410,244	981,781
Charitable activities	3	398,852	6,782,488	-	7,181,340	7,261,476
Other trading activities	4	343,999	-	-	343,999	372,056
Investments		1,578	-	-	1,578	1,899
<b>TOTAL INCOME</b>		<b>747,828</b>	<b>7,131,028</b>	<b>58,305</b>	<b>7,937,161</b>	<b>8,617,212</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		750,344	7,314,276	376,966	8,441,586	8,621,969
<b>TOTAL EXPENDITURE</b>	5	<b>750,344</b>	<b>7,314,276</b>	<b>376,966</b>	<b>8,441,586</b>	<b>8,621,969</b>
<b>NET EXPENDITURE BEFORE TRANSFERS</b>						
Transfers between funds	15	(2,516) 11,818	(183,248) 248	(318,661) (12,066)	(504,425) -	(4,757) -
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
Actuarial gains/(losses) on defined benefit pension schemes	20	-	(1,376,000)	-	(1,376,000)	84,000
<b>NET MOVEMENT IN FUNDS</b>		<b>9,302</b>	<b>(1,559,000)</b>	<b>(330,727)</b>	<b>(1,880,425)</b>	<b>79,243</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		455,613	(2,393,000)	14,874,680	12,937,293	12,858,050
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>464,915</b>	<b>(3,952,000)</b>	<b>14,543,953</b>	<b>11,056,868</b>	<b>12,937,293</b>

The notes on pages 23 to 39 form part of these financial statements.

**ANGLO EUROPEAN ACADEMY TRUST**

**(A Company Limited by Guarantee)**

**REGISTERED NUMBER: 07846848**

**BALANCE SHEET  
AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Tangible assets	11		14,257,659		14,478,807
<b>CURRENT ASSETS</b>					
Stocks	12	2,627		3,003	
Debtors	13	104,953		152,549	
Cash at bank and in hand		1,089,273		1,142,894	
			<u>1,196,853</u>	<u>1,298,446</u>	
<b>CREDITORS: amounts falling due within one year</b>					
	14	(445,644)		(446,960)	
<b>NET CURRENT ASSETS</b>			<u>751,209</u>		<u>851,486</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>15,008,868</u>		<u>15,330,293</u>
Defined benefit pension scheme liability	20		(3,952,000)		(2,393,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>11,056,868</u></u>		<u><u>12,937,293</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds excluding pension liability		14,543,953		14,874,680	
Pension reserve		(3,952,000)		(2,393,000)	
Total restricted income funds			<u>10,591,953</u>		<u>12,481,680</u>
Unrestricted income funds	15		<u>464,915</u>		<u>455,613</u>
<b>TOTAL FUNDS</b>			<u><u>11,056,868</u></u>		<u><u>12,937,293</u></u>

The financial statements were approved by the Board, and authorised for issue, on 7 December 2016 and are signed on their behalf, by:

**Mrs H Gulowsen, Chair**

**Mr D Barrs, Accounting Officer**

**ANGLO EUROPEAN ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £	2015 as restated £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	17	(27,960)	247,183
Interest received		1,578	1,899
<b>Net cash provided by investing activities</b>		1,578	1,899
Payments to acquire tangible fixed assets		(27,239)	(13,559)
<b>Net cash used in financing activities</b>		(27,239)	(13,559)
<b>Change in cash and cash equivalents in the year</b>		(53,621)	235,523
Cash and cash equivalents brought forward		1,142,894	907,371
<b>Cash and cash equivalents carried forward</b>		1,089,273	1,142,894



**ANGLO EUROPEAN ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

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

Anglo European Academy Trust constitutes a public benefit entity as defined by FRS 102.

**First time adoption of FRS 102**

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

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 23.

**1.2 Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the School 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.

**ANGLO EUROPEAN ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities Incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

**1.4 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 Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

**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 Trust 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the 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.

**ANGLO EUROPEAN ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

**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.

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

Long term leasehold land	-	125 years straight line
Long term leasehold buildings	-	over the estimated remaining useful life
Motor vehicles	-	10 years straight line
Fixtures and fittings	-	10 years straight line
Computer equipment	-	5 years straight line

**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 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.9 Taxation**

The School 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 School is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.10 Liabilities and provisions**

Liabilities 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 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 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.

**ANGLO EUROPEAN ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

**1.11 Pensions**

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

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

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

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

**1.12 Critical accounting estimates and areas of judgement**

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

Critical accounting estimates and assumptions:

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

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

**ANGLO EUROPEAN ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
Donations	3,399	348,540	-	351,939	373,675
Capital grants	-	-	58,305	58,305	608,106
	<u>3,399</u>	<u>348,540</u>	<u>58,305</u>	<u>410,244</u>	<u>981,781</u>
Total donations and capital grants	<u>3,399</u>	<u>348,540</u>	<u>58,305</u>	<u>410,244</u>	<u>981,781</u>

In 2015, of the total income from donations and capital grants, £4,132 was to unrestricted funds and £977,649 was to restricted funds

**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	6,591,446	6,591,446	6,707,372
Other DfE / EFA grants	-	135,525	135,525	125,594
	<u>-</u>	<u>6,726,971</u>	<u>6,726,971</u>	<u>6,832,966</u>
<b>Other government grants</b>				
Local authority grants	-	4,888	4,888	11,782
Special educational projects	-	50,629	50,629	69,712
	<u>-</u>	<u>55,517</u>	<u>55,517</u>	<u>81,494</u>
<b>Other funding</b>				
Catering income	398,852	-	398,852	347,016
	<u>398,852</u>	<u>-</u>	<u>398,852</u>	<u>347,016</u>
	<u>398,852</u>	<u>6,782,488</u>	<u>7,181,340</u>	<u>7,261,476</u>

In 2015, of the total income from charitable activities, £347,016 was to unrestricted funds and £6,914,460 was to restricted funds.

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**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
Hire of facilities	37,075	37,075	28,140
Other Income	254,123	254,123	291,890
Music tuition	52,801	52,801	52,026
	<u>343,999</u>	<u>343,999</u>	<u>372,056</u>

In 2015, of the total income from other trading activities, £372,056 was to unrestricted funds and £ NIL was to restricted funds.

**5. EXPENDITURE**

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	As restated Total 2015 £
Provision of Education:					
Direct costs	4,669,865	-	731,176	5,401,041	5,593,741
Support costs	1,704,908	611,723	723,914	3,040,545	3,028,228
	<u>6,374,773</u>	<u>611,723</u>	<u>1,455,090</u>	<u>8,441,586</u>	<u>8,621,969</u>

In 2016, of the total expenditure, £760,532 (2015 - £708,552) was to unrestricted funds and £7,681,054 (2015 - £7,913,417) was to restricted funds.

**6. CHARITABLE ACTIVITIES**

	2016 £	As restated 2015 £
Direct costs	5,401,041	5,593,741
Support costs	3,040,545	3,028,228
Total	<u>8,441,586</u>	<u>8,621,969</u>

	2016 £	2015 £
Analysis of support costs		
Staff costs	1,704,908	1,530,079
Depreciation	248,387	244,656
Technology costs	87,173	96,849
Premises costs (excluding depreciation)	362,886	398,409
Other costs	626,191	749,035
Governance costs	11,000	9,200
Total	<u>3,040,545</u>	<u>3,028,228</u>

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**7. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned or leased by the Academy Trust	248,387	244,656
Auditors' remuneration - audit	6,500	6,750
Auditors' remuneration - other services	4,500	2,450
	<u>          </u>	<u>          </u>

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**8. STAFF COSTS**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	4,896,092	4,970,550
Social security costs	399,461	365,030
Operating costs of defined benefit pension schemes	868,797	815,332
	6,164,350	6,150,912
Supply teacher costs	136,763	202,056
Staff restructuring costs	73,660	-
	6,374,773	6,352,968

Staff restructuring costs comprise:

Staff restructuring costs comprise:

Redundancy payments	73,660	-
	73,660	-

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

	2016 No.	2015 No.
Teachers	102	103
Administration and support	58	59
Management	8	9
	168	171

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

	2016 No.	2015 No.
In the band £ 60,001 - £ 70,000	2	2
In the band £ 70,001 - £ 80,000	1	2
In the band £ 80,001 - £ 90,000	1	0
In the band £ 90,001 - £100,000	1	0
In the band £100,001 - £110,000	0	2

The key management personnel of the Academy Trust comprise the Trustees and the Senior Management Team as listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £695,146 (2015: £784,790).

Included in the above are employer pension contributions of £87,912 (2015: £87,319).



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**9. GOVERNORS' REMUNERATION AND EXPENSES**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The co-Headteachers and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of co-Headteacher and 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:

Mr D Barrs (Co-Headteacher and trustee)  
Remuneration £95,000 - £100,000 (2015: £100,000 - £105,000)  
Employer's Pension contributions paid £15,000 - £20,000 (2015: £10,000 - £15,000)

Mr J Burrows (Staff trustee)  
Remuneration £40,000 - £45,000 (2015: £40,000 - £45,000)  
Employer's Pension contributions paid £5,000 - £10,000 (2015: £5,000 - £10,000)

Miss C Dawton (Staff trustee)  
Remuneration £45,000 - £50,000 (2015: £40,000 - £45,000)  
Employer's Pension contributions paid £5,000 - £10,000 (2015: £5,000 - £10,000)

Mr S Caldwell (Staff trustee)  
Remuneration £45,000 - £50,000 (2015: £45,000 - £50,000)  
Employer's Pension contributions paid £5,000 - £10,000 (2015: £5,000 - £10,000)

Mrs C Penn (Staff trustee)  
Remuneration £20,000 - £25,000 (2015: £Nil)  
Employer's Pension contributions paid £Nil - £5,000 (2015: £Nil)

Mrs J Gee (Co-Headteacher trustee)  
Remuneration £85,000 - £90,000 (2015: £Nil)  
Employer's Pension contributions paid £10,000 - £15,000 (2015: Nil)

During the period ended 31 August 2016, travel and subsistence expenses totalling £1,055 (2015: £69) were reimbursed or paid directly to 2 Trustees (2015: 2 trustees).

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

**10. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was included in the total insurance cost.

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**11. TANGIBLE FIXED ASSETS**

	Long term leasehold property £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 September 2015	14,366,476	8,925	1,040,193	15,415,594
Additions	-	-	27,239	27,239
At 31 August 2016	<u>14,366,476</u>	<u>8,925</u>	<u>1,067,432</u>	<u>15,442,833</u>
<b>Depreciation</b>				
At 1 September 2015	627,781	5,100	303,906	936,787
Charge for the year	114,932	1,275	132,180	248,387
At 31 August 2016	<u>742,713</u>	<u>6,375</u>	<u>436,086</u>	<u>1,185,174</u>
<b>Net book value</b>				
At 31 August 2016	<u>13,623,763</u>	<u>2,550</u>	<u>631,346</u>	<u>14,257,659</u>
At 31 August 2015	<u>13,738,695</u>	<u>3,825</u>	<u>736,287</u>	<u>14,478,807</u>

**12. STOCKS**

	2016 £	2015 £
Catering	2,627	3,003
	<u>2,627</u>	<u>3,003</u>

**13. DEBTORS**

	2016 £	2015 £
Trade debtors	10,342	4,351
VAT recoverable	24,264	51,945
Other debtors	809	17,404
Prepayments and accrued income	69,538	78,849
	<u>104,953</u>	<u>152,549</u>

**14. CREDITORS: Amounts falling due within one year**

	2016 £	2015 £
Trade creditors	56,108	74,140
Other taxation and social security	117,375	106,013
Other creditors	96,865	92,422
Accruals and deferred income	175,296	174,385
	<u>445,644</u>	<u>446,960</u>

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

	2016 £	2015 £
<b>Deferred income</b>		
Deferred income at 1 September 2015	41,193	45,577
Resources deferred during the year	35,376	41,193
Amounts released from previous years	(41,193)	(45,577)
	35,376	41,193
Deferred income at 31 August 2016	35,376	41,193

Incoming resources deferred during the year relate to Devolved Capital Formula funding, rates relief funding, additional capital funding and catering income received in advance of the 16/17 academic year.

**15. STATEMENT OF FUNDS**

	Brought forward £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Carried forward £
<b>Unrestricted funds</b>						
Unrestricted funds	455,613	747,828	(750,344)	11,818	-	464,915
	455,613	747,828	(750,344)	11,818	-	464,915
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	6,562,261	(6,562,261)	-	-	-
Other DfE/EFA grants	-	40,073	(40,073)	-	-	-
Other government grants	-	50,629	(50,629)	-	-	-
Restricted donations	-	3,762	(4,010)	248	-	-
Restricted trip donations	-	344,778	(344,778)	-	-	-
Pupil Premium	-	129,525	(129,525)	-	-	-
Pension reserve	(2,393,000)	-	(183,000)	-	(1,376,000)	(3,952,000)
	(2,393,000)	7,131,028	(7,314,276)	248	(1,376,000)	(3,952,000)
<b>Restricted fixed asset funds</b>						
Restricted fixed asset fund	14,478,807	-	(248,387)	27,239	-	14,257,659
Condition improvement fund (CIF)	379,368	29,701	(110,709)	(12,066)	-	286,294
Other DfE/EFA grants	16,505	28,604	(17,870)	(27,239)	-	-
	14,874,680	58,305	(376,966)	(12,066)	-	14,543,953
Total restricted funds	12,481,680	7,189,333	(7,691,242)	(11,818)	(1,376,000)	10,591,953
Total of funds	12,937,293	7,937,161	(8,441,586)	-	(1,376,000)	11,056,868

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

**Unrestricted funds**

This represents income received that does not have restrictions.

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**15. STATEMENT OF FUNDS (continued)**

**General Annual Grant (GAG)**

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

**Other DfE/EFA grants**

Other DfE/EFA grants relate to the restricted income received from both the Department for Education and the Education Funding Agency to assist with the costs of the School in relation to specific activities.

**Other government grants**

This represents allocated funding for special educational needs pupils and various other small grants from local and national government bodies for the provision of specific services to pupils of the School.

**Restricted donations**

This represents contributions made by parents to the running of educational visits for the pupils of the School and the associated costs of running the trips as well as other small donations for the provision of specific services to pupils of the School.

**Restricted trip donations**

This represents contributions made by parents towards the running costs of trips for the pupils of the School and the associated costs.

**Pupil premium**

This represents funding to help raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

**Pension reserve**

This fund represents the School's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the School on conversion from a state controlled school.

**Restricted fixed asset fund**

Restricted fixed asset fund represents the value of fixed assets held in line with the charitable objectives of the Academy Trust. The transfer between funds represents additions purchased through GAG funding.

**Condition improvement fund (CIF)**

This represents income received from the EFA for capital projects undertaken by the Academy. A transfer was made of £12,066 from the CIF fund to unrestricted funds which was relating to a misposting and misallocation in the previous years which needed rectifying.

**Other DfE and EFA**

This represents funding received from the DfE / EFA which is restricted in nature.

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**16. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	-	-	14,478,807
Current assets	464,915	445,644	14,257,659	14,257,659	-
Creditors due within one year	-	(445,644)	286,294	1,196,853	1,298,446
Provisions for liabilities and charges	-	(3,952,000)	-	(445,644)	(446,960)
	<u>464,915</u>	<u>(3,952,000)</u>	<u>14,543,953</u>	<u>11,056,868</u>	<u>12,937,293</u>

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

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(504,425)	(4,757)
<b>Adjustment for:</b>		
Depreciation charges	248,387	244,656
Decrease/(increase) in stocks	376	(723)
Decrease in debtors	47,596	248,930
Decrease in creditors	(1,316)	(425,108)
FRS102 pension adjustment	183,000	185,000
Interest received	(1,578)	(1,899)
(Profit) / loss on sale of tangible fixed assets	-	1,084
<b>Net cash (used in)/provided by operating activities</b>	<u>(27,960)</u>	<u>247,183</u>

**18. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash in hand	1,089,273	1,142,894
<b>Total</b>	<u>1,089,273</u>	<u>1,142,894</u>

**19. MEMBERS' LIABILITY**

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

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**20. PENSION COMMITMENTS**

The School'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 Essex 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 2013.

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**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £313,053 (2015 - £216,976).

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](http://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 2016 was £292,000 (2015 - £286,000), of which employer's contributions totalled £222,000 (2015 - £217,000) and employees' contributions totalled £70,000 (2015 - £69,000). The agreed contribution rates for future years are % for employers and 5.5-12.5% for employees.

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

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

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	4.10 %	4.40 %
Rate of increase for pensions in payment / inflation	2.30 %	2.60 %
Inflation assumption (RPI)	- %	- %

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

	2016	2015
Retiring today		
Males	22.9	22.8
Females	25.3	25.2
Retiring in 20 years		
Males	25.2	25.1
Females	27.7	27.6

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**20. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,135,000	761,000
Debt instruments	133,000	161,000
Property	183,000	135,000
Cash	50,000	29,000
Alternative assets	73,000	84,000
Other managed funds	80,000	-
	<u>1,654,000</u>	<u>1,170,000</u>
Total market value of assets	<u>1,654,000</u>	<u>1,170,000</u>

The actual return on scheme assets was £196,000 (2015 - £49,000).

The amounts recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(314,000)	(311,000)
Net interest cost	(91,000)	(91,000)
	<u>(405,000)</u>	<u>(402,000)</u>
Total	<u>(405,000)</u>	<u>(402,000)</u>
	<u>196,000</u>	<u>49,000</u>
Actual return on scheme assets	<u>196,000</u>	<u>49,000</u>

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

	2016 £	2015 £
Opening defined benefit obligation	3,563,000	3,133,000
Current service cost	314,000	311,000
Interest cost	144,000	129,000
Contributions by employees	70,000	69,000
Actuarial losses/(gains)	1,519,000	(73,000)
Benefits paid	(4,000)	(6,000)
	<u>5,606,000</u>	<u>3,563,000</u>
Closing defined benefit obligation	<u>5,606,000</u>	<u>3,563,000</u>



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**20. PENSION COMMITMENTS (continued)**

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

	2016 £	2015 as restated £
Opening fair value of scheme assets	1,170,000	841,000
Interest income	53,000	38,000
Actuarial gains and (losses)	143,000	11,000
Contributions by employer	222,000	217,000
Contributions by employees	70,000	69,000
Benefits paid	(4,000)	(6,000)
	<u>1,654,000</u>	<u>1,170,000</u>
Closing fair value of scheme assets	<u><u>1,654,000</u></u>	<u><u>1,170,000</u></u>

**21. OPERATING LEASE COMMITMENTS**

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

	2016 £	2015 £
<b>Amounts payable:</b>		
Within 1 year	21,100	25,000
Between 1 and 5 years	42,200	-
	<u>63,300</u>	<u>25,000</u>
Total	<u><u>63,300</u></u>	<u><u>25,000</u></u>

**22. RELATED PARTY TRANSACTIONS**

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.

**23. FIRST TIME ADOPTION OF FRS 102**

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

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

The policies applied under the Academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.