
ARDLEY HILL ACADEMY
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

ARDLEY HILL ACADEMY
(A Company Limited by Guarantee)

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

Members	Mrs Julie Allen (resigned 29 April 2016) Mrs Michelle Steadman (resigned 31 May 2016) Mr Michael Mullany Mrs Elaine Clinton Mrs Vicky Deller (appointed 29 April 2016)
Governors	Mrs Julie Allen, Chair (resigned 29 April 2016) ¹ Mrs Michelle Steadman, Vice Chair (resigned 31 May 2016) ¹ Councillor Peter Hollick, Community Governor (resigned 31 May 2016) ¹ Mr Michael Mullany, Community Governor ¹ Mrs Elaine Clinton, Vice Chair ¹ Mr Graham Cowley, Parent Governor (resigned 18 July 2016) ¹ Mrs Vicky Deller, Chair ¹ Mrs Samantha Hitchcock, Parent Governor Mrs Leanne Golder, Staff Governor (resigned 6 June 2016) Mr Jonathan Smith, Head Teacher ¹ Mrs Natalie Read, Staff Governor Mr Ian Sawyer, Community Governor ¹ Mr Gareth Mitchell, Community Governor Mrs Dee Dumbleton, Parent Governor (appointed 30 November 2015) Mr Michael Wilby, Staff Governor (appointed 6 February 2016) Mr Neil Williams, Community Governor (appointed 28 January 2016)
	¹ members of the Finance & Resources Committee
Company registered number	08006892
Company name	Ardley Hill Academy
Principal and registered office	Lowther Road Dunstable Beds LU6 3NZ
Company secretary	Clerk - Mrs Sue Green
Senior management team	Mr Jonathan Smith, Head Teacher Miss Claire Riggett, Teacher Mrs Natalie Read, Deputy Head Teacher Mrs Ann Wintersgill, Deputy Head Teacher Mrs Susie Bennett, Teacher
Independent auditors	Streets Audit LLP Chartered Accountants Statutory Auditors Potton House Wyboston Lakes Great North Road Wyboston Bedford MK44 3BZ

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Advisers (continued)

Bankers	Lloyds Bank Plc PO Box 1000 BX1 1LT
Solicitors	Devonshires 30 Finsbury Circus London EC2M 7DT

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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

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

The trust operates an Academy for pupils aged 2 to 11 with a Pre School provision from 2 – years4. The Academy has a pupil capacity of 420 (+ Pre School 100) and had a roll of 361 (+ Pre School 87) as of July 2016. The Academy provides education for pupils who are wholly or mainly drawn from the area in which the Academy is located although 75% of pupils come from outside the academies official catchment area.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The governors of Ardley Hill Academy Trust Limited are also the directors of the charitable company for the purposes of company law and trustees for the purposes of charity law. The charitable company is known as Ardley Hill Academy.

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

Members' Liability

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

Trustees' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim.

Method of Recruitment and Appointment or Election of Governors

The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Headteacher or any post which is held ex-officio. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

The Governing Body may appoint up to 10 Community Governors through a process of application, interview and vote of the existing governors to their appointment.

A minimum of 5 Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he is elected. The term of office of a parent governor is 4 years.

Up to 1 Staff Governor shall be elected by a ballot of all staff employed under a contract of employment (excluding the Head Teacher). If a Staff Governor ceases to work at the Academy then he shall be deemed to have resigned and shall cease to be a Governor automatically on termination of his work at the Academy. Any election of a Staff Governor which is contested shall be held by secret ballot. The Head and Deputy are automatically members of the Governing Body.

The Governors may appoint Co-opted Governors. A 'Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed. These positions will be appointed for a specific time/project.

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

Governors are subject to retirement or re-election at the end of their 4 year term of office unless the eligibility conditions listed above prevail.

Policies and procedures adopted for the induction and training of Trustees

Induction of new governors comprises a full briefing from the Chair of governors or a nominated governor with the Headteacher along with a tour of the school.

New governors will then read a welcome pack including the following documents;

- Governors handbook and financial handbook
- Governor details form (to be completed)
- List of governors including contact details and committees attended
- Details of Clerk and contact details
- A copy of the governor training programme 2015/2016
- A copy of the Code of Practice for governors (to be signed)
- A qualifications and disqualifications disclosure form (to be signed)
- A disclosure of pecuniary interests form and guidance notes for what this covers (to be completed)
- Companies House appointment of director form (to be completed)
- Details of meeting/committee Structure and forthcoming meeting dates
- Procedures for signing in to school
- Details of training courses, how they are funded and how to book training
- Details of the next available Induction training which governors are required to attend
- Details of the Terms of reference for each committee
- Details on how to access the school policies
- Details on school statistics
- Copies of minutes of most recent meetings
- Copy of Articles of Association

The Clerk also completes a new governor checklist which ensures any immediate actions from above are completed and, in addition, any queries are answered.

Organisational structure

The structure of the Academy consists of two senior levels: the Board of Directors (Governing Body) and the Head Teacher leading the Senior Leadership Team. The Governing Body is responsible for setting the Academy's vision ethos and strategic direction, holding the headmaster to account for educational performance, oversight of the Academy's financial performance and ensuring value for money. To achieve this the Governing Body sets or agrees the Academy's policies, oversees the Academy Development Plan and budget, monitors performance against these plans and makes major decisions about the direction of the Academy.

The Headteacher and Senior Leadership Team control the Academy at an executive and operational level, implementing the policies set by the Governing Body and reporting back to them. The Headteacher is the Accounting Officer for the Academy.

The Governing Body has established four sub-committees. Each sub-committee has its own terms of reference detailing the responsibilities discharged to the sub-committee. The terms of reference and meeting frequency for each sub-committee is reviewed and approved by the Governing Body annually. The Academy has an approved Financial Handbook which details the Academy's authorised spending limits.

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

The sub-committees of the Governing Body are:

- Strategic and Audit
- Finance and Resources
- Standards
- Pupil Support

Arrangements for setting pay and remuneration of key management personnel

The Governing Body is responsible for the pay policy, its establishment and review through guidance by Luton HR and in accordance with the model pay policy provided by Luton HR.

The Headteacher and other teachers on the leadership spine are appraised in accordance with the Academy's Appraisal Policy. The decision whether or not to award pay progression is related to the individual's performance and should be within the agreed individual pay range.

Objectives and Activities

Objects and Aims

The principal object and activity of the charitable company is the operation of Ardley Hill Academy to provide education for pupils of different abilities between the ages of 2 and 11.

In accordance with the Articles of Association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the Academy during the period ended 31 August 2016 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain links with industry and commerce and the local, national and international community; and
- to conduct Academy business in accordance with the highest standards of integrity, probity and openness.

Objectives, Strategies and Activities

The overall objectives during the year were to:

- develop further the capability of the Academy's leadership & management;
- consolidate the move to full primary school;
- extend the Academy's academic, pastoral & extra-curricular accomplishments and support and develop independent learning in the Academy;
- improve educational performance through:
 - * establishing an upward trend of 4+ outcomes
 - * raising outcomes for phonics to at least the expected national level
 - * raising outcomes across the academy in maths
 - * delivery of a high quality upper key stage 2 provision
 - * achievement of the Primary Science Quality Mark;

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

- consider further opportunities for growth of the Academy including an Autistic Provision and the addition of a two year old provision to the current preschool;
- continue to plan development of the estate buildings and grounds to accommodate the extra pupils as a result of the move to full primary school, to consider the potential impact of an autistic provision and a larger preschool and to recognise the need to upgrade facilities.

During the year there were three events that caused the Academy to amend the objectives for the year.

The first event was an OFSTED visit in March 2016, which rated the Academy as Requires Improvement.

Specifically the report requires the Academy to:

- improve outcomes for pupils: so that by the end of Year 6, pupils make good progress in reading, writing and mathematics and achieve the results of which they are capable.;
- improve teaching and learning through
 - * greater challenge to most-able pupils
 - * using accurate assessment to plan learning
 - * providing greater opportunities for pupils to extend their writing skills;
- improve early years by:
 - * raising the quality of teaching and learning
 - * ensuring that adults promote and model positive behaviour,
 - * ensuring the environment is vibrant and purposeful;
- arrange an external review of governance
- arrange an external review of the school's use of the pupil premium

The second event was the decision by the local authority to confirm approval for the building and ongoing funding for an autistic provision and additionally to confirm approval to fund a further pre school building and facilities for two year olds. Therefore in the second half of the academic year there was focused activity to prepare the Academy for:

- a new Autistic Provision (Sept 2016) and
- a new two year old provisions (Sept 2016)

The third event was a severe flood which caused the Academy to be closed for the last two months of the academic year.

Public Benefit

The Trustees confirm that they have complied with the duty to have due regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit". The Academy's public benefit is enshrined in its charitable objects, which state:

- To advance for the public benefit education in the town of Dunstable and the surrounding area, in particular but without prejudice to the generality of the foregoing by estimating, maintaining, carrying on, managing and developing Academics, offering a broad curriculum.
- To provide facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

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

Strategic Report

Achievements and Performance

- The roles of both Deputy Headteachers were changed with one continuing to concentrate on learning and the other becoming Assistant Headteacher with responsibility for SEN children, the proposed autistic provision and the use of the pupil premium, enabling much more focussed oversight in these areas.. Middle leadership is also being developed through in-house training and external professional development.
- The governing body has undertaken an external review and will rationalise its sub-committee structure with the Governing body meeting more frequently. It has introduced an environment applying much more focus and challenge and centering on holding the Headmaster to account for results, oversight of the Academy's finances, ensuring effective use of resources and value for money and reviewing the strategy and vision for the Academy.
- Despite the Ofsted determination of Requires Improvement, certain key strengths and achievements were recognised :
 - * pupils SMSC (spiritual, moral, social and cultural) development is well catered for;
 - * the curriculum is broad and balanced;
 - * leaders ensure sports funding is used exceptionally well;
 - * pupils benefit from a highly extensive range of extra-curricular activities;
 - * middle leaders are enthusiastic & committed to the success & achievement of pupils;
 - * leadership related to pupils who have SEN or disability is exemplary;
 - * teachers mark books consistently & in line with school policy;
 - * teachers have good subject knowledge & explain learning well to children;
 - * displays around the school show a wealth of Art that reflects the topics that the pupils are learning;
 - * the school's work to promote pupils' personal development & welfare is good;
 - * pupils' social & emotional development is extremely well catered for,
 - * adults ensure that pupils receive appropriate instruction about keeping safe when using a range of technology & social media;
 - * the Headteacher has worked hard to improve attendance & in this he has been successful;
 - * adults have reduced the number of serious incidents that result in exclusions at the Academy;
 - * pupils are articulate & have positive attitudes to learning;
 - * when teachers give pupils the opportunity to excel in other subjects such as the singing event where the year 5 sang at Wembley, they demonstrate that they have potential & skills far beyond their age;
 - * pupils who have SEN or disability generally make good or even better progress from their individual starting points;
 - * adults in the EYFS have taken steps to ensure that children have a broad experience in all areas of learning;
 - * the provision in the Pre School is well planned & helps the children develop confidence & speaking skills;
 - * pupils who have very specific needs are exceptionally well catered for.

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Key Performance Indicators

	2013-2014						2014-2015					
	AHA			National			AHA			National		
EYFS GLD	40			60			68			66		
	R	W	M	R	W	M	R	W	M	R	W	M
EYFS	63	53	70	47	47	59	72	73	73	74	67	75
Phonics	50			74			50			77		
	R	W	M	R	W	M	R	W	M	R	W	M
End of KS1	74	74	86	81	70	80	80	72	78	82	72	82
End of KS2	N/A – no end of Key Stage 2 results											
Percentage of children achieving at expected and above.												

	2015-2016						2016-2017					
	AHA			National			AHA target			National		
EYFS GLD	72			66			76					
	R	W	M	R	W	M	R	W	M	R	W	M
EYFS	75	73	77	76	71	77	78	77	80			
Phonics	68			77			84					
	R	W	M	R	W	M	R	W	M	R	W	M
End of KS1	83	64	70				82	75	77			
End of KS2	28	68	40				76	64	71			
Percentage of children achieving at expected and above.												

- Outcomes at the end of the EYFS (Early Years Foundation Stage) improved significantly in 2015 and again in 2016, particularly in the areas of literacy & mathematics. In EYFS there is now a 3 year upward trend to above National results.
- Year 1 Phonics results are up this year from 50% in 2015 to 68% in 2016. In Yr2 only 4 children did not pass the retest.
- In KS1 more children are able match or exceed cohort progress and in year 2 overall progress was good or better in all areas. However Phonics is still below national average and Pupil Premium children have not made enough progress to diminish the difference between them and the cohort. These areas are under close scrutiny with improvement plans in place.
- In KS2 in Year 5, overall progress was good or better and Pupil Premium children made more progress than the cohort. In Year 6 results were disappointing but this was in the context of a very small cohort with a high percentage of high needs children and a large percentage of children having changed school to join the Academy. For children, who had been with the Academy from the start of their education, progress was as expected. The next year 6 is expected to perform significantly better especially in reading.

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

Going Concern

Further details regarding the adoption of the going concern basis can be found in the Accounting Policies note of the financial statements.

Financial Review

During the year, the Academy received total funding for charitable activities totalling £1,838,637, of which £1,796,910 was used for staffing and other running costs and £25,286 was used to purchase additional assets for the school. £5,000 of the surplus relates to the Local Government Pension Scheme, £2,418 relates to the provision of specialist services for pupils with Autistic Spectrum Condition (ASC) and the balance of £9,023 has been carried forward as a reserve at the balance sheet date. In addition, the academy generated £16,165 in lettings and school trips which are accounted for as unrestricted funds.

During the year, the academy was awarded a grant of £549,000 from Central Bedfordshire Council to construct additional buildings for the extension of facilities to preschool children in the local area, and for the development of a specific centre for pupils with Autistic Spectrum Condition (ASC). The new buildings were fully operational at 31 August 2016, utilising £519,030 of the funds available, and a new area of artificial turf and other equipment has been added since the year end. The unspent funds totalling £29,970 have, therefore, been carried forward in restricted fixed asset funds at the balance sheet date.

Reserves Policy

The aim of the Academy with regard to Capital Reserves is to create and carry forward a prudent level of reserves sufficient to replace/renew fixed assets and to cover future new capital expenditure.

Investment Policy

The growth of the Academy and the consequent need to expand infrastructure has meant that the Academy has not had significant surplus funds for investment. The Trustees therefore have not yet considered a formal investment policy and do not consider the investment of surplus funds as a primary activity. The Academy's focus is to ensure that adequate cash balances are maintained in its bank accounts to cover day-to-day working capital and immediate capital expenditure requirements. An Investment policy will be considered as the Academy grows to optimise the return on any surplus or reserved funds and to protect the capital value against inflation, whilst ensuring that there is no risk of loss in the capital value.

Principle Risks and Uncertainties

Outlined below are the principal risks and uncertainties that the Governors believe the Academy faces together with the mitigation in place to limit the risk.

1. Funding for the Academy

The academy relies on continued government funding through the Education Funding Agency (EFA) being at a level sufficient to cover the financial requirements of the Academy at a time of expansion from lower school to full primary school.

This risk is largely out of the control of the Academy but the Academy has mitigated it in a number of ways:

- Provision and ongoing development of the pre-school which provides a steady stream of unrestricted income.
- Prudence and contingency planning embedded into a forward looking budgetary process.
- A capital expenditure policy through which large capital purchases are rigorously tested against cash resources

2. Funding of pension liabilities

The financial statements report the share of the local government pension scheme deficit on the academy's balance sheet in line with the requirements of SORP 2015.

The academy takes professional advice on this position and makes appropriate contributions on the basis of that advice to ensure the deficit does not become unmanageable.

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

3. Pupil Numbers

DFE funding is based principally on pupil numbers, so the Academy is reliant on local demographics, and parental preference to grow the Academy. It also has to consider local provision of competitive schooling. The Academy seeks to maintain its popularity with current and prospective pupils and parents by:

- ensuring delivery of high quality education
- maintaining excellent success rates and good inspection outcomes;
- investing in its teaching staff and resources;
- development of a successful pre-school and
- protecting its good reputation.

The decision by the Local Authority to close a number of local lower schools means that this risk has been minimised, at least in the short term.

4. Inadequate financial systems and controls

The Academy has in place robust financial policies, processes and controls that have been tested over time. Oversight is maintained through a Responsible Officer appointed from within the Governing Body.

A risk register has been developed covering the key identified risks, the likelihood of those risks occurring, their potential impact on the academy and the actions being taken to reduce and mitigate the risks. Risks are prioritised as low, medium and high using a consistent scoring system based on the residual risk after mitigation. This risk register is reviewed at least annually.

Plans for Future Periods

Having managed the move to Academy status and from lower to full primary school, the Headmaster, senior management team and the Governing Body have demonstrated an excellent capacity to manage change. The pace of change will continue with an ambitious programme in the next financial year. The principal plans are as follows:

- Improvements to education focusing on areas identified in the Ofsted report, including introduction of more challenge to pupils and more consistency in teaching
- Review of the Academy's vision to include an emphasis on results and then ensuring it is embedded into the Academy's targets and processes
- Introduction of an Autistic Centre
- Extending the pre-school with a development for children aged under 3
- Introduction of a Pay review committee
- Review of the Governance structure
- Development of an artificial turf area on the school field for use at break times

There has been much growth within the Academy structure over the past few years. This has been due to high demand on pupil places and the expansion of the academy to primary status. This will continue in 2016/17 with the expansion of the preschool provision to include two year olds and the introduction of an Autistic provision.

The Academy is still not completely full, but growth during the next few years will be much steadier.

There are no further plans, other than those described above, to extend or expand the academy structure in the immediate term. We will need to look at more permanent solutions to some of the semi permanent buildings we are currently using, but we envisage this a discussion to be had in a few years time.

This next period is one of consolidation and embedding.

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

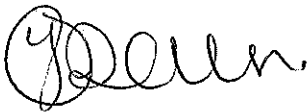
Auditor

Insofar as the governors 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 of that information.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 1 December 2016 and signed on the board's behalf by

:



Mrs Vicky Deller
Chair of Governors

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Governors has delegated the day-to-day responsibility to the Headteacher, 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 Ardley Hill Academy and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Board of Governors has formally met 7 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
Mrs Julie Allen, Chair	5	5
Mrs Michelle Steadman, Vice Chair	3	6
Councillor Peter Hollick, Community Governor	2	6
Mr Michael Mullany, Community Governor	6	7
Mrs Elaine Clinton, Vice Chair	6	7
Mr Graham Cowley, Parent Governor	6	7
Mrs Vicky Deller, Chair	7	7
Mrs Samantha Hitchcock, Parent Governor	5	7
Mrs Leanne Golder, Staff Governor	3	6
Mr Jonathan Smith, Head Teacher	6	7
Mrs Natalie Read, Staff Governor	6	7
Mr Ian Sawyer, Community Governor	7	7
Mr Gareth Mitchell, Community Governor	5	7
Mrs Dee Dumbleton, Parent Governor	5	7
Mr Michael Wilby, Staff Governor	0	4
Mr Neil Williams, Community Governor	5	5

Governance reviews:

A governance review was undertaken in June 2016 however the report was not received prior to the end of the academic year.

The Governing Body has reviewed the committee structure and in the 2016/2017 financial year has agreed to move to a simplified structure where the Governing Body will meet more frequently and only have two sub committees. These committees will be the Finance and Audit Committee and the Pay Review Committee. The latter committee will aid the Governors in fulfilling their obligation to have arrangements in place for making pay decisions.

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GOVERNANCE STATEMENT (continued)

The Finance Committee is a sub-committee of the main Board of Governors.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr Jonathan Smith, Head Teacher	7	7
Mr Ian Sawyer	7	7
Mrs Julie Allen, Chair	5	5
Mr Graham Cowley	6	7
Councillor Peter Hollick	3	6
Mr Michael Mullany	6	7
Mrs Michelle Steadman	4	6

The Audit Committee is part of the Strategic and Audit Committee and is also a sub-committee of the main Board of Governors.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr Jonathan Smith, Head Teacher	3	4
Mrs Julie Allen, Chair	3	3
Mrs Elaine Clinton	2	4
Mr Michael Mullany	3	4
Mrs Samantha Hitchcock, Parent Governor	4	4
Mrs Vicky Deller, Chair	1	1

In addition to the Finance and Strategic and Audit Committees, there were three meetings of the Standards Committee and two meetings of the Parent Support Committee during the year.

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 reports to the Board of Governors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the year by:

- Improving educational results
- Financial governance and oversight
- Better purchasing
- Reviewing controls and managing risk

Some of the highlighted ways in which the school has achieved value for money are:

- Regularly reviewing data in governing body meetings to monitor the impact of activities and funding streams
- Conducting financial benchmarking to compare the school's performance against that of similar schools
- Regularly reviewing contracts and service level agreements

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GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

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

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

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Mr Ian Sawyer, a Governor, 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 termly basis, the RO reports to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

The RO visits are arranged with the Headteacher and the Business Manager with a view to having at least three RO reports per Academic year, nominally termly, in order to achieve:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

ARDLEY HILL ACADEMY
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

During Academic year 2015/16 only two reports were produced (for visits in February & March and July), in part to allow the newly appointed Business Manager to integrate into the Academy and to introduce new practices. The two RO reports were each compiled over two separate visits and involved documenting the results for a series of spot checks covering; Payroll, Petty cash, Fixed Assets, Creditor and Debtor, Purchases, Income, Accounting system and the process by which financial reports are prepared for Governing Board review. During the checks the RO and Business Manager review the financial processes being followed and compare any changes to previous visits. Any observations and recommendations for possible changes are captured in the RO report which is made available to the Headteacher, Business Manager and the Governing Board. To date there have been no major concerns raised and RO recommendations have been integrated into financial processes.

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;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Governors on 1 December 2016 and signed on their behalf, by:



Mrs Vicky Deller
Chair of Governors



Mr Jonathan Smith
Accounting Officer

ARDLEY HILL ACADEMY
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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


Mr Jonathan Smith
Accounting Officer

Date: 1 December 2016

ARDLEY HILL ACADEMY
(A Company Limited by Guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

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

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors are required to:

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

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

Approved by order of the members of the Board of Governors on 1 December 2016 and signed on its behalf by:



Mrs Vicky Deller
Chair of Governors

ARDLEY HILL ACADEMY
(A Company Limited by Guarantee)

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

We have audited the financial statements of Ardley Hill Academy 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' 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 charitable company'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.

ARDLEY HILL ACADEMY
(A Company Limited by Guarantee)

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

EMPHASIS OF MATTER

We draw attention to Note 1.2 of the financial statements which includes a statement on the governors' assessment of the Going Concern basis. Our opinion is not qualified in respect of this matter.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Governors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.



Richard Ward (Senior Statutory Auditor)

for and on behalf of

Streets Audit LLP

Chartered Accountants Statutory Auditors

Potton House
Wyboston Lakes
Great North Road
Wyboston
Bedford
MK44 3BZ

Date: 15 DECEMBER 2016

ARDLEY HILL ACADEMY
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO ARDLEY HILL
ACADEMY AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 20 October 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Ardley Hill Academy 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 Ardley Hill Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Ardley Hill Academy and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Ardley Hill Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF ARDLEY HILL ACADEMY'S ACCOUNTING OFFICER AND THE
REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of Ardley Hill Academy's funding agreement with the Secretary of State for Education dated 22 February 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.

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO ARDLEY HILL
ACADEMY AND THE EDUCATION FUNDING AGENCY (continued)**

The work undertaken to draw our conclusions included:

- Review of the Academy's systems and controls to ensure effective design;
- Confirmation of satisfactory operation of controls during the year, including authorisation of invoices, payments and salary adjustments;
- Review of a sample of expenses focussing on those nominal codes considered to include transactions of a greater risk;
- Review of the reports from internal scrutiny work undertaken during the year;
- Discussions with the Finance Team.

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.



Richard Ward (Senior Statutory Auditor)

for and on behalf of

Streets Audit LLP

Chartered Accountants Statutory Auditors

Potton House
Wyboston Lakes
Great North Road
Wyboston
Bedford
MK44 3BZ

Date: 15 DECEMBER 2016

ARDLEY HILL ACADEMY
(A Company Limited by Guarantee)

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

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:					
Donations and capital grants	31,092	1,644	549,000	581,736	33,030
Charitable activities	-	1,836,993	7,658	1,844,651	1,609,055
Other trading activities	14,751	-	-	14,751	12,486
Investments	217	-	-	217	174
TOTAL INCOME	46,060	1,838,637	556,658	2,441,355	1,654,745
EXPENDITURE ON:					
Raising funds:					
Voluntary income	29,895	3,487	-	33,382	28,633
Charitable activities	-	1,793,423	88,461	1,881,884	1,680,922
TOTAL EXPENDITURE	29,895	1,796,910	88,461	1,915,266	1,709,555
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS	16,165	41,727	468,197	526,089	(54,810)
Transfers between Funds	-	(25,286)	25,286	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES	16,165	16,441	493,483	526,089	(54,810)
Actuarial gains/(losses) on defined benefit pension schemes	-	(67,000)	-	(67,000)	8,000
NET MOVEMENT IN FUNDS	16,165	(50,559)	493,483	459,089	(46,810)
RECONCILIATION OF FUNDS:					
Total funds brought forward	27,436	(110,000)	3,797,808	3,715,244	3,762,054
TOTAL FUNDS CARRIED FORWARD	43,601	(160,559)	4,291,291	4,174,333	3,715,244

ARDLEY HILL ACADEMY
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08006892

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	13		4,261,321		3,797,808
CURRENT ASSETS					
Debtors	14	480,526		58,299	
Cash at bank and in hand		337,765		86,097	
		<u>818,291</u>		<u>144,396</u>	
CREDITORS: amounts falling due within one year	15	<u>(729,619)</u>		<u>(110,860)</u>	
NET CURRENT ASSETS			<u>88,672</u>		<u>33,536</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,349,993</u>		<u>3,831,344</u>
CREDITORS: amounts falling due after more than one year	16		<u>(3,660)</u>		<u>(6,100)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>4,346,333</u>		<u>3,825,244</u>
Defined benefit pension scheme liability	22		<u>(172,000)</u>		<u>(110,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>4,174,333</u></u>		<u><u>3,715,244</u></u>

ARDLEY HILL ACADEMY
(A Company Limited by Guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	17	11,441		-	
Restricted fixed asset funds	17	4,291,291		3,797,808	
		<u>4,302,732</u>		<u>3,797,808</u>	
Restricted income funds excluding pension liability		4,302,732		3,797,808	
Pension reserve		(172,000)		(110,000)	
		<u>4,130,732</u>		<u>3,687,808</u>	
Total restricted income funds			4,130,732		3,687,808
Unrestricted income funds	17		43,601		27,436
			<u>4,174,333</u>		<u>3,715,244</u>
TOTAL FUNDS			<u><u>4,174,333</u></u>		<u><u>3,715,244</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 1 December 2016 and are signed on their behalf, by:



Mrs Vicky Deller
Chair of Governors



Mr Jonathan Smith
Accounting Officer

The notes on pages 26 to 45 form part of these financial statements.

ARDLEY HILL ACADEMY
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	19	<u>782,016</u>	<u>78,745</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		217	174
Proceeds from the sale of tangible fixed assets		21,409	-
Purchase of tangible fixed assets		<u>(551,974)</u>	<u>(48,857)</u>
Net cash used in investing activities		<u>(530,348)</u>	<u>(48,683)</u>
Cash flows from financing activities:			
Repayments of borrowings		-	(1,440)
Net cash used in financing activities		<u>-</u>	<u>(1,440)</u>
Change in cash and cash equivalents in the year		251,668	28,622
Cash and cash equivalents brought forward		<u>86,097</u>	<u>57,475</u>
Cash and cash equivalents carried forward		<u><u>337,765</u></u>	<u><u>86,097</u></u>

ARDLEY HILL ACADEMY
(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.

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

1.2 Going concern

The Governors 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 Governors 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.

The total free reserves at 31 August 2016 is £55,042 comprising General Funds of £43,601, GAG funds of £9,023 and Restricted grants of £2,418.

The Budget Forecast Return for 2016/17 submitted to the EFA showed an in-year deficit of £20,000, with estimated brought forward reserves of £33,000.

Since the balance sheet date, some additional staff costs have been approved and discussions are in progress which may increase staff costs further. Whilst cost savings in other areas are anticipated, the in-year deficit may be higher than originally calculated. However, the governors consider that the going concern basis remains appropriate.

ARDLEY HILL ACADEMY
(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 academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

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

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

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

1.4 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.

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

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

All resources expended are inclusive of irrecoverable VAT.

ARDLEY HILL ACADEMY
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £250 are capitalised.

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is 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 property	-	2% straight line
Fixtures and fittings	-	25% straight line
Computer equipment	-	33% straight line

1.6 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.

1.7 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.

1.8 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 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.

ARDLEY HILL ACADEMY
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.10 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.

1.11 Liabilities and provisions

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

1.12 Financial instruments

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

ARDLEY HILL ACADEMY
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, 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.

1.14 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 Governors.

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

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

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

ARDLEY HILL ACADEMY
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	<i>Total funds 2015 £</i>
Donations	-	1,644	-	1,644	8,495
Capital grants	-	-	549,000	549,000	-
School trip income	31,092	-	-	31,092	24,535
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	<u>31,092</u>	<u>1,644</u>	<u>549,000</u>	<u>581,736</u>	<u>33,030</u>

In 2015, of the total income from donations and capital grants, £27,256 was to unrestricted funds and £5,774 was to restricted funds

ARDLEY HILL ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	1,276,678	1,276,678	1,118,706
Other Dfe/EFA Grants	-	167,312	167,312	165,982
	-	1,443,990	1,443,990	1,284,688
Other government grants				
Local Authority Early Years Funding	-	137,332	137,332	151,883
Local Authority Revenue Grants	-	115,376	115,376	29,636
	-	252,708	252,708	181,519
Other funding				
School Club Income	-	108,790	108,790	123,350
Catering Income	-	21,983	21,983	18,149
Shop Income	-	3,180	3,180	1,349
Trainee Grant Income	-	14,000	14,000	-
	-	147,953	147,953	142,848
Total	-	1,844,651	1,844,651	1,609,055

In 2015, of the total income from charitable activities, £NIL was to unrestricted funds and £1,609,055 was to restricted funds.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings income	13,611	-	13,611	12,486
Educational consulting	1,140	-	1,140	-
	14,751	-	14,751	12,486

In 2015, of the total income from other trading activities, £12,486 was to unrestricted funds and £NIL was to restricted funds.

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

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank account interest	217	-	217	174

In 2015, of the total investment income, £174 was to unrestricted funds and £NIL was to restricted funds.

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising voluntary income	-	-	33,382	33,382	28,633
Funding for educational activities:					
Direct costs	1,020,945	-	94,997	1,115,942	908,409
Support costs	458,935	137,154	169,853	765,942	772,513
	<u>1,479,880</u>	<u>137,154</u>	<u>298,232</u>	<u>1,915,266</u>	<u>1,709,555</u>

In 2016, of the total expenditure, £33,382 (2015 - £28,633) was to unrestricted funds and £1,881,884 (2015 - £1,680,922) was to restricted funds.

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

7. CHARITABLE ACTIVITIES

	2016	2015
	£	£
DIRECT COSTS		
Wages and salaries	874,775	714,648
National insurance	55,138	32,293
Pension cost	91,032	65,767
Educational supplies	58,351	63,813
Staff development	17,868	15,587
Other direct costs (PreSchool, Holiday Club, Star Club etc)	18,778	16,301
	1,115,942	908,409
SUPPORT COSTS		
Wages and salaries	367,113	347,334
National insurance	14,876	13,624
Pension costs	76,946	51,019
Depreciation	88,461	86,939
Net interest cost on pension scheme	4,000	1,000
Technology costs	18,734	30,701
Maintenance of premises and equipment	48,852	68,257
Insurance proceeds for disposal of equipment following flood	(21,409)	-
Cleaning	27,548	28,583
Pupil recruitment	-	3,037
Security and transport	-	730
Recruitment and support	17,018	3,262
Rent and rates	1,129	18,549
Energy costs	20,121	22,523
Insurance	12,121	12,151
Catering	29,303	30,156
Telephone, postage and stationery	15,072	15,756
Professional fees	15,505	3,850
Other costs	21,551	25,762
Governance - Auditors' remuneration	6,000	6,550
Governance - Auditors' non-audit fees	2,075	2,090
Governance - Governor training and expenses	926	640
	765,942	772,513
	1,881,884	1,680,922

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

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	88,461	86,939
Auditors remuneration	6,500	6,550
	<u> </u>	<u> </u>

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

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	1,241,888	1,061,982
Social security costs	70,014	45,917
Operating costs of defined benefit pension schemes	167,978	116,786
	<u>1,479,880</u>	<u>1,224,685</u>

b. Staff numbers

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

	2016 No.	2015 No.
Management	1	1
Teaching	23	21
Administration	70	70
	<u>94</u>	<u>92</u>

Average headcount expressed as a full time equivalent:

	2016 No.	2015 No.
Management	3	1
Teaching	11	14
Administration	38	38
	<u>52</u>	<u>53</u>

c. Higher paid staff

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	1	0

The above employee participated in the Teachers' Pension Scheme.

d. Key management personnel

The key management personnel of the academy trust comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £239,337 for five members of the senior management team (2015: £182,391 for three members of the senior management team).

ARDLEY HILL ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

10. GOVERNORS' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 5 Governors (2015 - 6) in respect of defined benefit pension schemes.

One or more Governors has been paid remuneration or has received other benefits from an employment with the academy trust. The Headteacher and other staff Governors 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 Governors, The value of Governors' remuneration and other benefits was as follows:

		2016 £	2015 £
Mr Jonathan Smith	Remuneration	60,000-65,000	55,000-60,000
	Pension contributions paid	10,000-15,000	5,000-10,000
Mrs Natalie Read	Remuneration	45,000-50,000	35,000-40,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Mr Michael Wilby	Remuneration	5,000-10,000	
	Pension contributions paid	0-5,000	
Mrs Leanne Golder	Remuneration	0-5,000	10,000-15,000
	Pension contributions paid	0-5,000	0-5,000
Ms Michelle Steadman	Remuneration	5,000-10,000	5,000-10,000
	Pension contributions paid	0-5,000	0-5,000

During the year, no Governors received any benefits in kind or reimbursed expenses (2015 - £NIL).

11. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £931 (2015 - £600).

12. OTHER FINANCE INCOME

	2016 £	2015 £
Interest income on pension scheme assets	9,000	9,000
Interest on pension scheme liabilities	(13,000)	(10,000)
	<u>(4,000)</u>	<u>(1,000)</u>

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

13. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2015	3,998,757	28,597	31,368	4,058,722
Additions	529,335	-	22,639	551,974
At 31 August 2016	<u>4,528,092</u>	<u>28,597</u>	<u>54,007</u>	<u>4,610,696</u>
Depreciation				
At 1 September 2015	220,597	15,309	25,008	260,914
Charge for the year	70,655	6,939	10,867	88,461
At 31 August 2016	<u>291,252</u>	<u>22,248</u>	<u>35,875</u>	<u>349,375</u>
Net book value				
At 31 August 2016	<u>4,236,840</u>	<u>6,349</u>	<u>18,132</u>	<u>4,261,321</u>
At 31 August 2015	<u>3,778,160</u>	<u>13,288</u>	<u>6,360</u>	<u>3,797,808</u>

Included in land and buildings is leasehold land at valuation of £493,000 (2015 - £493,000) which is not depreciated.

The academy's transactions relating to land and buildings included:

- Additions to Leasehold Property of £529,335 relate to the ongoing development of the ASC unit. The building work was completed in October 2016 and depreciation will be included when the building comes into operation in 2016/17.

14. DEBTORS

	2016 £	2015 £
Trade debtors	1,876	570
VAT recoverable	22,179	17,641
Prepayments and accrued income	456,471	40,088
	<u>480,526</u>	<u>58,299</u>

Accrued income includes £305,000 for the grant awarded by the Local Authority, but not received, at the balance sheet date for the development of the ASC Unit and £84,000 insurance proceeds.

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**NOTES TO THE FINANCIAL STATEMENTS
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15. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Salix loan	6,100	3,660
Trade creditors	20,372	39,807
Other taxation and social security	21,713	-
Other creditors	110,858	-
Accruals and deferred income	570,576	67,393
	729,619	110,860

Accruals includes the value of work done on the ASC Unit as at 31 August 2016.

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	34,446	34,442
Resources deferred during the year	87,347	34,446
Amounts released from previous years	(34,446)	(34,442)
Deferred income at 31 August 2016	87,347	34,446

Deferred income comprises grants towards staffing costs for ASC unit £52,141 (2015 £nil), Universal Infant Free School Meals £29,316 (2015 £30,081), Devolved Formula Capital £4,610 (2015 £4,365) and income in advance of School trips £1,280 (2015 £nil).

**16. CREDITORS:
Amounts falling due after more than one year**

	2016 £	2015 £
Salix loan	3,660	6,100

Included within the above are amounts falling due as follows:

	2016 £	2015 £
Between two and five years		
Salix loan	3,660	6,100

During the 2014, the Academy took out a loan from the EFA for heating improvements. The loan is interest free and was due to be repaid by eight equal instalments commencing March 2015. No repayments had been made at 31 August 2016.

ARDLEY HILL ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

17. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	27,436	46,060	(29,895)	-	-	43,601
Restricted funds						
General Annual Grant (GAG)	-	1,276,678	(1,242,369)	(25,286)	-	9,023
Other DfE/EFA grants	-	159,654	(159,654)	-	-	-
Local Authority grants	-	187,848	(187,848)	-	-	-
Catering	-	21,983	(21,983)	-	-	-
Shop income	-	3,180	(3,180)	-	-	-
School clubs	-	108,790	(108,790)	-	-	-
Donations and other income	-	15,644	(15,644)	-	-	-
Local Authority grants - ASC	-	64,860	(62,442)	-	-	2,418
Pension reserve	(110,000)	-	5,000	-	(67,000)	(172,000)
	<u>(110,000)</u>	<u>1,838,637</u>	<u>(1,796,910)</u>	<u>(25,286)</u>	<u>(67,000)</u>	<u>(160,559)</u>
Restricted fixed asset funds						
Fixed Assets	3,797,808	-	(88,461)	551,974	-	4,261,321
DfE/EFA capital grants	-	7,658	-	(7,658)	-	-
Capital expenditure from LA	-	549,000	-	(519,030)	-	29,970
	<u>3,797,808</u>	<u>556,658</u>	<u>(88,461)</u>	<u>25,286</u>	<u>-</u>	<u>4,291,291</u>
Total restricted funds	<u>3,687,808</u>	<u>2,395,295</u>	<u>(1,885,371)</u>	<u>-</u>	<u>(67,000)</u>	<u>4,130,732</u>
Total of funds	<u><u>3,715,244</u></u>	<u><u>2,441,355</u></u>	<u><u>(1,915,266)</u></u>	<u><u>-</u></u>	<u><u>(67,000)</u></u>	<u><u>4,174,333</u></u>

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

General Funds:

The Academy's general funds represents income and expenditure relating to activities undertaken by the Academy as part of its charitable activities. The Academy can then use these funds for any purpose.

ARDLEY HILL ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

17. STATEMENT OF FUNDS (continued)

Restricted Funds:

The Academy received a number of grants during the year for the purpose of providing educational services to its pupils. These funds include grants from the EFA for the General Annual Grant (GAG) and Pupil Premium. These grants have been used for staff costs, educational resources and general costs incurred in the running of the academy.

Local Authority - ASC Provision - The academy received grant funding totalling £64,680 towards staffing costs for the new provision of specialist education to pupils with Autistic Spectrum Condition (ASC). At the balance sheet date, the academy had spent £62,442 on staffing and other costs relating to the new facilities, leaving a balance of £2,418 to be carried forward to the forthcoming year.

Pension Reserve - As stated in note 22 the Academy is a participating employer in two defined benefit pension schemes. The liabilities relating to Ardley Hill can only be determined for one of those schemes. A separate reserve has been included to show the impact of the changes in valuation of the pension scheme.

Restricted Fixed Assets Funds:

The Academy received Capital Formula funding to be spent on repairs and the purchase of new equipment. Assets which are capitalised in the accounts are represented by a separate fund within the Restricted Fixed Assets reserve.

Local Authority - ASC Provision - During 2015/16 a new unit was built at the school for the provision of specialist education to pupils with Autistic Spectrum Condition (ASC). The academy received grant funding from Central Bedfordshire Council totalling £549,000 for the construction of the new facilities, of which £519,030 had been spent at the balance sheet date. The construction of the new unit was completed and equipped in Autumn 2016 and the grant will be fully expended in 2016/17.

18. 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	-	-	4,261,321	4,261,321	3,797,808
Current assets	18,509	769,812	29,970	818,291	144,396
Creditors due within one year	25,092	(754,711)	-	(729,619)	(110,860)
Creditors due in more than one year	-	(3,660)	-	(3,660)	(6,100)
Provisions for liabilities and charges	-	(172,000)	-	(172,000)	(110,000)
	<u>43,601</u>	<u>(160,559)</u>	<u>4,291,291</u>	<u>4,174,333</u>	<u>3,715,244</u>

ARDLEY HILL ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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

	2016	2015
	£	£
Net income/(expenditure) for the year (as per Statement of financial activities)	526,089	(54,810)
Adjustment for:		
Depreciation charges	88,461	88,939
Dividends, interest and rents from investments	(217)	(174)
Profit on the sale of fixed assets	(21,409)	-
(Increase)/decrease in debtors	(422,227)	7,365
Increase in creditors	616,319	40,425
Defined benefit pension scheme cost less contributions payable	(9,000)	(4,000)
Defined benefit pension scheme finance cost	4,000	1,000
Net cash provided by operating activities	782,016	78,745

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016	2015
	£	£
Cash in hand	337,765	86,097
Total	337,765	86,097

21. CAPITAL COMMITMENTS

At 31 August 2016 the academy had capital commitments as follows:

	2016	2015
	£	£
Contracted for but not provided in these financial statements	29,970	-

22. 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 Bedford Borough Council. Both are Multi-Employer Defined Benefit Pension Schemes.

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

Contributions amounting to £22,135 were payable to the schemes at 31 August 2016 (2015 - NIL) and are included within creditors.

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NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (continued)

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

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

The employer's pension costs paid to TPS in the period amounted to £91,000 (2015 - £65,767).

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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**NOTES TO THE FINANCIAL STATEMENTS
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22. 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 £105,000 (2015 - £64,000), of which employer's contributions totalled £86,000 (2015 - £52,000) and employees' contributions totalled £19,000 (2015 - £12,000). The agreed contribution rates for future years are 24.9% for employers and a variable rate 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:

	2016	2015
Discount rate for scheme liabilities	1.90 %	3.70 %
Expected return on scheme assets at 31 August	- %	3.70 %
Rate of increase in salaries	3.00 %	3.20 %
Rate of increase for pensions in payment / inflation	2.00 %	2.30 %

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	22.4	22.4
Females	24.3	24.3
Retiring in 20 years		
Males	24.4	24.4
Females	26.8	26.8

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	261,000	136,000
Bonds	34,000	37,000
Property	34,000	22,000
Cash	10,000	8,000
Total market value of assets	<u>339,000</u>	<u>203,000</u>

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

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

22. PENSION COMMITMENTS (continued)

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)	(76,000)	(48,000)
Net interest cost	(4,000)	(1,000)
Total	<u>(80,000)</u>	<u>(49,000)</u>
Actual return on scheme assets	<u>4,000</u>	<u>4,000</u>

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

	2016 £	2015 £
Opening defined benefit obligation	313,000	263,000
Current service cost	76,000	48,000
Interest cost	13,000	10,000
Contributions by employees	19,000	12,000
Actuarial losses/(gains)	101,000	(13,000)
Benefits paid	(11,000)	(7,000)
Closing defined benefit obligation	<u>511,000</u>	<u>313,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	203,000	145,000
Interest income	9,000	9,000
Actuarial gains and (losses)	34,000	(5,000)
Contributions by employer	85,000	49,000
Contributions by employees	19,000	12,000
Benefits paid	(11,000)	(7,000)
Closing fair value of scheme assets	<u>339,000</u>	<u>203,000</u>

ARDLEY HILL ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

23. OPERATING LEASE COMMITMENTS

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

	2016	2015
	£	£
Amounts payable:		
Between 1 and 5 years	19,727	8,116

24. 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 may take place with organisations in which the trust has 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.

The following related party transactions took place during the year:

The son of J Smith (Headteacher, Accounting Officer and Governor) was employed by the Academy until August 2015, but was paid for additional hours in September 2015. The appointment was made following the Academy's staff recruitment policy and the value of remuneration fell within the band £0 - £5,000 (2015 £10,000 - £15,000).

The daughter of I Sawyer (Governor and Responsible Officer) is employed by the Academy. The appointment was made prior to Mr Sawyer taking up his appointments and followed the Academy's staff recruitment policy. The value of remuneration fell within the band £45,000 - £50,000 (2015 £35,000 - £40,000).

Ardley Hill Academy Association - donations received totalling £1,662 (2015 £5,188).

25. 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.

26. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 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.

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.