

**Ripley St Thomas Church of England Academy**  
(A Company Limited by Guarantee)

**Annual Report and Financial Statements**

**Year Ended 31<sup>st</sup> August 2016**

# Ripley St Thomas Church of England Academy

## Annual Report and Financial Statements for the year ended 31<sup>st</sup> August 2016

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## Ripley St Thomas Church of England Academy

### Reference and administrative details for the year ended 31<sup>st</sup> August 2016

Members	Prof J Crewdson Diocesan Director of Education Rev C Newlands Mrs E Nicholls Rev J Scamman
Trustees	Mr D Bateman Mrs R Buckland Mrs K Chamberlain (retired 24 <sup>th</sup> November 2015) Mrs D Cheetham Prof J Crewdson (Chairman) Miss S Exton (Appointed 5 <sup>th</sup> October 2015) Dr P Gager Mrs J Garnett (Vice Chairman) Rev M Gisbourne Mrs M Humphreys Mrs A Kinder Mrs S Lane-Dixon Mr P Marshall Rev C Newlands Mrs E Nicholls (Accounting Officer) Mr R Partington (Appointed 31 <sup>st</sup> January 2016) Rev J Scamman Mr M Sim Mr C Whiteside Cllr Mrs V Wilson
Senior Leadership Team	Mrs E Nicholls (Principal) Mr M Wood (Senior Vice Principal) Mrs A Casson (Vice Principal) Mr I Gomersall (Director of Operations) Mrs C Walmsley (Assistant Principal) Mr M Sim (Head of Sixth Form) Mrs S Edwards (Director of Business & Finance retired 31 <sup>st</sup> August 2016) Mr A McKinnell (Director of Business & Finance appointed 4 <sup>th</sup> July 2016) Mrs J Bostock (Director of Teaching School) Mr M Salthouse (Assistant Principal)
Principal and Registered Office	Ashton Road Lancaster LA1 4RS
Company Registration Number	07588464

## Ripley St Thomas Church of England Academy

### Reference and administrative details for the year ended 31<sup>st</sup> August 2016 (continued)

Independent Auditor	CWR Chartered Accountants 20 Mannin Way Lancaster Business Park Caton Road Lancaster LA1 3SW
Bankers	Lloyds Bank PLC 49 Market Street Lancaster LA1 1JH
Solicitors	Browne Jacobson Ground Floor Piccadilly Place Manchester M1 3BN

# Ripley St Thomas Church of England Academy

## Trustees' Report for the year ended 31<sup>st</sup> August 2016

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

The Trust operates an Academy for pupils aged 11-18 in Lancaster, Lancashire.

### 1. Structure, Governance and Management

#### 1.1 Constitution

The Academy is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The Governors act as the Trustees of Ripley St Thomas Church of England Academy and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Ripley St Thomas Church of England Academy.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

#### 1.2 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 (note 25).

#### 1.3 Trustees' Indemnities

The Trustees' are indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. The limit of this indemnity is £10,000,000 (note 10).

#### 1.4 Method of Recruitment and Appointment or Election of Trustees

The Trustees make up the Governing Body of the Academy and each Trustee is a Governor of the Academy. The Board of Governors consists of 20 Governors.

(i) 9 Foundation Governors:

- 3 appointed by the Ripley Trust
- 2 appointed by the Blackburn Diocese
- 2 appointed by St Thomas' Church PCC
- 2 appointed by St Mary's Church PCC

(ii) 2 Parent Governors

Parent Governors are elected by the parents of registered pupils of the Academy and must themselves be parents of a pupil at the time of their election. When a vacancy occurs, every parent is informed of the vacancy and that he/she is entitled to stand as a candidate. If the number of candidates exceeds the number of vacancies, an election is held by secret ballot.

(iii) 3 Staff Governors

Staff Governors are elected by all staff under a contract of employment with the Academy. When a vacancy occurs, every member of staff is notified and may stand as a candidate. If the number of candidates exceeds the number of vacancies, an election is held by secret ballot.

(iv) 3 Co-opted Governors appointed by the Board of Governors

## **Ripley St Thomas Church of England Academy**

### **Trustees' Report for the year ended 31<sup>st</sup> August 2016 (continued)**

- (v) The Principal, ex officio
- (vi) The Chairman of the Ripley Trust, ex-officio
- (vii) The Director of Education, Blackburn Diocese, ex-officio, or his representative

The term of appointment for Governors is generally four years except for the Principal, Chairman of the Ripley Trust and Diocesan Director of Education who hold their appointments for the terms of their office. Also, if a Staff Governor leaves the employment of the Academy, they are deemed to have resigned from the Board of Governors.

#### **1.5 Policies and Procedures Adopted for the Induction and Training of Trustees.**

Newly appointed Governors are provided with recent minutes and other key documents prior to an induction session with the Principal and Chair of Governors. The Trustees have access to training and the agenda of each full Governing Body meeting includes a focus item on key issues.

#### **1.6 Organisational Structure**

The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and all staff appointments.

The Academy Senior Leadership team consisted of the Principal, Senior Vice Principal, Vice Principal, two Assistant Principals, Director of Operations, Head of Sixth Form, Director of Business and Finance, Director of Teaching School and two Co-opted Senior Leaders. These Managers control the Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group the Senior Leadership Team is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Senior Leadership Team always contain a Trustee.

#### **1.7 Arrangements for Setting Pay and Remuneration of Key Management Personnel**

This is delegated by the Governing Body to the Staffing and Remuneration Committee.

#### **1.8 Related Parties and Other Connected Charities and Organisations**

There are no connected organisations in the year. Related party transactions are disclosed in note 27 to the accounts.

# Ripley St Thomas Church of England Academy

## Trustees' Report for the year ended 31<sup>st</sup> August 2016 (continued)

### 2. Objectives and Activities

#### 2.1 Objects and Aims

Our Christian ethos remains at the heart of all we do and is the foundation for all our activities. We encourage all our young people to explore the big issues of life and develop a living faith to sustain them through the ups and downs of their lives. A chaplain is employed to direct and support our communal Christian life together. Our day begins and ends with prayer, all year groups meet together twice weekly for worship and we regularly worship in our local churches. The Academy puts great emphasis on service and our young people are involved in local, national and international charity projects, raising significant sums of money each year for those in need.

In addition, the Academy aims to:

- Provide value for money for the funds expended
- Comply with all appropriate statutory and curriculum requirements
- Conduct the Academy's business in accordance with the highest standards of integrity, probity and openness

#### 2.2 Objectives, Strategies and Activities

The Academy's strategic activities have included:

- Tuition and learning opportunities for all students appropriate to their ability in order to attain academic and vocational qualifications
- Development opportunities for all staff
- A comprehensive programme of extra-curricular activities and trips and visits for students
- Careers advice and guidance to help students move to the next stage of their education
- Opportunities for parents and guardians to work in partnership with the Academy

The Trustees recognise that equal opportunities should be an integral part of all good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

#### 2.3 Public Benefit

The Trustees have considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by Ripley St Thomas Church of England Academy is the maintenance and development of the high quality Christian education provided by the Academy.

In doing this Ripley St Thomas Church of England Academy not only offers a broadly-based academic education but aims to educate the whole individual. A very wide range of extra-curricular activities, educational trips, visits and foreign trips is offered and undertaken.

### Strategic report

### 3. Achievements and Performance

This has been a very successful year for the Academy. Outcomes at all key stages have been very good particularly in Maths and English at GCSE. Our Progress 8 score (0.24), a new accountability measure, puts us in the top 25% of schools nationally in terms of the progress our pupils make at GCSE. A level results put us in the middle 40% of schools in terms of value added. The vast majority of A level students went on to university with an increasing number taking up apprenticeships. The school won the National Runner-Up award for its work with disadvantaged students at a very prestigious ceremony in London, having qualified for the national finals as regional winners for the North West.

## **Ripley St Thomas Church of England Academy**

### **Trustees' Report for the year ended 31<sup>st</sup> August 2016 (continued)**

The number of students on roll continues to increase with the total number now having passed the 1700 mark, with 400 of these in the sixth form. The extra-curricular life of the Academy, one of the strengths of Ripley, continues to grow with the addition of an Australian Exchange, a South African exchange and the Duke of Edinburgh award. We are now the largest Duke of Edinburgh award provider in the North West.

We have significantly improved our estate over the last year with a number of projects completed over the summer. A grant of nearly £800,000 from the DfE enabled us to completely replace our ancient heating system in the main school. A new gym has been built at the rear of the building, replacing a very poor and inhospitable building. A new Music Practice suite with seven practice rooms has been created and the main entrance hall has been remodelled by removing reception into the general office. The main driveway has been widened, re-surfaced and a new visitors' car park sited in what was the shrubbery inside the main gates. The roof of the Music block has been replaced. New security measures have been installed and will be completed by Christmas to ensure that the site is secure. The academy farm continues to thrive with the addition of many new inhabitants including alpacas, miniature ponies and pygmy goats. Agriculture and Horticulture is a thriving subject at GCSE.

The Academy continues to pursue excellence in all aspects of its life, with high expectations and a culture of hard work at its core. Our priorities for this year include a continuing focus on literacy, on the most able, and on preparation and implementation of the Government's significant curriculum reform. We have developed our curriculum offer at A level and will be introducing additional subjects in 2017.

The Academy is fortunate to have a committed and dedicated staff and governing body who understand that every child matters and are willing to do whatever it takes to enable young people to achieve. We look forward to a productive and positive year ahead.

#### **3.1 Key Performance Indicators**

The Academy monitors its performance on the examination results and Ofsted reports it receives. The Academy operates in line with the requirements of its Funding Agreement with the EFA and manages its reserves in line with the policies set out on page 8.

#### **3.2 Going Concern**

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

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies (note 1).

### **4. Financial Review**

#### **4.1 Operating and Financial Review**

Most of the Academy's income is obtained from the Department for Education (DfE) in the form of its General Annual Grant (GAG), the use of which is restricted to particular purposes; i.e. the objectives of the Academy. The GAG received during the period covered by this report and the associated expenditure is shown as restricted funds in the statement of financial activities.

On conversion to an academy on the 1<sup>st</sup> May 2011, all of the fixed assets of the former school were transferred to the new Academy Trust, and are shown as restricted asset funds. The balance sheet restricted fixed asset fund is reduced by depreciation charges over the expected useful life of the assets concerned, as explained in note 1 to the Financial Statements.

## Ripley St Thomas Church of England Academy

### Trustees' Report for the year ended 31<sup>st</sup> August 2016 (continued)

Restricted expenditure for the period covered by this report was more than covered by the GAG received from the DfE together with other restricted incoming resources.

For the year ending 31st August 2016 the surplus of total income over expenditure, before other recognised gains and losses, equated to £26,000 (2015 - £344,000). This is the result of detailed and accurate budgeting and tight budgetary control procedures which have been firmly embedded in the Academy's daily financial management.

At 31st August 2016 the Academy held revenue fund balances of £1,009,000 (2015 - £987,000) comprising £549,000 of restricted general funds (2015 - £536,000) and £460,000 of unrestricted funds (2015 - £451,000). In addition to this the pension reserve shows a deficit of £2,248,000 (2015 - £1,231,000) and the Diocese of Blackburn balance stands at £213,000 (2015 - £314,000).

The Trustees remain concerned with the large deficit that the Local Government Pension Fund is reporting, (see note 26 to the Financial Statements) but are aware of the deficit recovery programme now in place.

#### 4.2 Reserves Policy

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

Under its Funding Agreement with the Secretary of State for Education Ripley St Thomas Church of England Academy is permitted to hold unlimited reserves at the year end.

The Trustees' Finance Committee has reviewed these reserve levels and believes that they should provide sufficient working capital to cover delays between spending and receipt of grants and to allow for unexpected emergencies. The Academy will maintain free reserves at a minimum level of 2% of GAG up to a maximum of 10% of GAG as an appropriate cushion.

As at 31st August 2016 the Trustees consider that the Academy's reserves of GAG and unrestricted funds held are satisfactory for the level of the Academy's operations.

#### 4.3 Investment Policy

The Academy aims to manage cash balances to provide the working capital required for its day-to-day operations, whilst protecting the long-term value of any surpluses against inflation. The Academy therefore aims to invest surplus cash funds in a way that optimises returns whilst ensuring there is minimal risk of loss of these funds. In order to make the best use of surplus cash funds to generate additional income the Academy must ensure the following objectives are met:

- Manage cash flow to ensure that sufficient cash balances are maintained in the current account to cover the working capital requirements of the Academy.
- Ensure there is minimal risk to loss of the capital value of any cash funds invested by ensuring that the Academy is only exposed to low risk investments.
- Protect the capital value of the invested funds against inflation.
- Ensure optimum returns on the funds invested.
- Ensure that income generated from investments is used for furthering the Academy's aims.
- Investments must be placed with FSA registered companies.
- The Principal is responsible for the management of investments, with responsibility delegated to the Director of Business & Finance.

Regular cash flow forecasts are to be prepared and monitored to ensure there are adequate liquid funds to meet all payroll commitments and outstanding creditors due for payment.

Where cash flow forecasts indicate that a base level of cash funds will be surplus to the day-to-day requirements of the Academy these funds may be invested following approval by the Finance Committee.

## Ripley St Thomas Church of England Academy

### Trustees' Report for the year ended 31<sup>st</sup> August 2016 (continued)

In making decisions with regard to investment options the Director of Business & Finance will compare interest rates and returns across the market to ensure the Academy is getting a fair return, having due regard for the economic situation at that time.

In general the cash shall be invested in short term investment accounts, with an average duration of less than one year. Proposals for longer term investments would need further approval of the Finance Committee.

#### 4.4 Principal Risks and Uncertainties

The continuing existence of the Academy can best be guaranteed by the standards of education in its widest sense, which it provides. This is the preferred school for many families who could easily favour another. Anything less than oversubscription could signal the beginning of financial and educational problems.

The principal risk to the Academy is the maintenance of pupil numbers as funding is directly related to the number of pupils on roll. Emerging risks include the sharp rise in the cost of travel as this is an increasing barrier to parents opting to send their children to the Academy and the forthcoming rises in employer costs. These coupled with the cuts to sixth form funding and the Education Services Grant are likely to affect our ability to develop facilities and offer our usual breadth of curriculum.

#### Risk Management

The Trustees have assessed the major risks to which the Academy is exposed. The Trustees have implemented a number of systems to assess risks in the operational areas of the Academy and in relation to the control of finance. A Risk Register has been completed and is reviewed annually.

Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement. (page11)

#### 5. Plans for Future Periods

Ripley St Thomas Church of England Academy will continue to work to maintain the performance of its students at all levels. Additionally, it will continue to review the curriculum content to ensure future pathways for students, particularly in the light of curriculum change and financial constraints.

Ripley continues to support the wider system through its role as a National Teaching School and to contribute towards the workforce through its role as a School Centered Initial Teacher Training (SCITT). The Academy continues to develop its profile regionally and nationally. It remains focussed on delivering outstanding teaching and learning through ensuring staff are highly trained. It is relentless in its ambition to raise achievement even further, working towards even better outcomes for our students in both terminal examinations and rates of progress. Trustees and leaders retain a total commitment to ensure all students have high quality religious education and a rich experience of learning and living within a Christian community.

The Trustees recognise that through outstanding financial management over the past four years they have been able to invest in and improve very significantly the quality of the building environment and the upgrading of many areas of the Academy. The Academy has benefited significantly from grants through the Academies Capital Maintenance Fund (ACMF) and latterly the Condition Improvement Fund (CIF) which have enabled the flat roofs to be replaced and which has allowed us to replace ancient boilers and the aligned heating systems. They have ambition for this to continue but recognise, however, that future plans will be dependent on funding availability.

Trustees have ambition to develop the site even further to enable more young people to experience the outstanding Christian education on offer at Ripley St Thomas Church of England Academy.

## Ripley St Thomas Church of England Academy

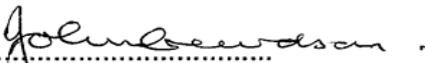
### Trustees' Report for the year ended 31<sup>st</sup> August 2016 (continued)

#### 6. Auditor

In so far as the trustees are aware:

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

The trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on .....29/11/16..... and signed on the board's behalf by:



.....  
Prof J Crewdson  
Chair of Trustees

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## Ripley St Thomas Church of England Academy

### 7. Governance Statement for the year ended 31<sup>st</sup> August 2016

#### 7.1 Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Ripley St Thomas Church of England 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 Trustees has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between Ripley St Thomas Church of England Academy and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

#### 7.2 Governance

The information on governance included here supplements that information described in the Trustees' Report and in the Statement of Trustees Responsibilities.

Trustees are allocated to Committees which are as follows: Admissions; Buildings, Grounds and Health & Safety; Curriculum; Pupil Discipline; Finance, Staffing, Other ad hoc committees are convened as and when needed. These committees meet on a regular termly cycle.

The Governing Body has formally met four times during the year. Attendance during the year at meetings of the Governing Body was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr D Bateman	4	4
Mrs R Buckland	4	4
Mrs K Chamberlain	0	1
Mrs D Cheetham	4	4
Prof J Crewdson (Chairman)	4	4
Mrs S Exton (Appointed 5 <sup>th</sup> October 2015)	4	4
Dr P Gager	4	4
Mrs J Garnett	4	4
Rev M Gisbourne	2	4
Mrs M Humphreys	2	4
Mrs A Kinder	3	4
Mrs S Lane-Dixon	3	4
Mr P Marshall	4	4
Rev C Newlands	2	4
Mrs E Nicholls (Accounting Officer)	4	4
Mr R Partington (Appointed 31 <sup>st</sup> January 2016)	3	3
Rev J Scamman	4	4
Mr M Sim	4	4
Mr C Whiteside	4	4
Cllr Mrs V Wilson	2	4

The Finance Committee is a sub-committee of the Governing Body and formally met three times during the year. Trustee attendance during the year at meetings of the Finance Committee was as follows:

## Ripley St Thomas Church of England Academy

### Governance Statement for the year ended 31<sup>st</sup> August 2016 (continued)

Trustee	Meetings attended	Out of a possible
Mrs D Cheetham	2	3
Prof J Crewdson	3	3
Dr P Gager (Finance Committee Chair)	3	3
Rev M Gisbourne	1	1
Mrs M Humphreys	3	3
Mr R Partington (Appointed 31 <sup>st</sup> January 2016)	1	1

#### 7.3 Review of Value for Money

As Accounting Officer the Principal has responsibility for ensuring that the Academy Trust 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 Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. Pupils and students make very good progress at Ripley, in no small measure due to judicious use of money and resources. Examples of success in ensuring best value are given below:

- **Benchmarking:** The Director of Business & Finance is a member of a regional group of 300 school and academy business managers, and attends a local group of 25 academy business managers. Both groups focus on sharing best practice and comparing prices for goods and services. Collaborative purchasing opportunities have enabled the Academy to obtain discounts on costs of a number of purchases. Financial benchmarking exercises carried out during the year, utilising professionally produced reports to compare key income and expenditure types with local and national academies of similar size and form indicate that our costs were below the median, across the board, and show that the strict budgeting and financial control has been effective.
- **Options appraisal:** The Academy has clear systems for purchasing, with a hierarchy for purchasing decisions including Governing Body authorisation at the highest level. Purchases of goods and services valued at over £5,000 require three quotes, although in practice we generally obtain quotes for goods and services of much lower value, to ensure best value. Orders for all goods and services are authorised only after meeting the stringent procedures for obtaining value for money. Even relatively low value orders are intercepted by the Finance Manager or Director of Business & Finance if they are not considered to be cost-effective.
- **Negotiation:** The Director of Business & Finance has successfully driven down costs through determined negotiation with suppliers throughout the year. Quotations for goods and services have been routinely challenged and most prices have subsequently been reduced. Significant reductions have continued to be achieved in many cases.

#### 7.4 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 the Academy Trust's 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 Ripley St Thomas Church of England Academy for the period from the 1<sup>st</sup> September 2015 to the 31<sup>st</sup> August 2016 and up to the date of approval of the annual report and financial statements.

# Ripley St Thomas Church of England Academy

## Governance Statement for the year ended 31<sup>st</sup> August 2016 (continued)

### 7.5 Capacity to Handle Risk

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

### 7.6 The Risk and Control Framework

The Academy Trust'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 trustees;
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties, and;
- identification and management of risks.

The trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the trustees have appointed Mrs Judy Bateman, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis, the RO reports to the trustees, through the Finance Committee on the operation of the systems of control and on the discharge of the trustees financial responsibilities. The RO function has been fully delivered in line with the EFA's requirements and no material control issues arose as a result of the RO's work.

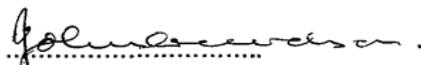
### 7.7 Review of Effectiveness

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

- the Board of Trustees;
- the Responsible Officer;
- external audit;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

Internal financial procedures have been updated and reviewed as applicable. All recommendations by the Responsible Officer have been considered and implemented if appropriate.

Approved by order of the members of the Board of Trustees on ..... 29/11/16 ..... and signed on its behalf by:

  
Prof J Crewdson  
Chair of Trustees

  
Mrs E Nicholls  
Accounting Officer

## Ripley St Thomas Church of England Academy

### Statement on Regularity, Propriety and Compliance for the year ended 31<sup>st</sup> August 2016

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

I confirm that I and the 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.



**Mrs E Nicholls**  
**Accounting Officer**

Date: 30/11/16

## Ripley St Thomas Church of England Academy

### Statement of Trustees' Responsibilities for the year ended 31<sup>st</sup> August 2016

The trustees (who act as governors of Ripley St Thomas Church of England Academy and are also directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report including the Strategic Report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction published by the Education Funding Agency.

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

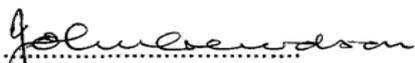
The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education Funding Agency and Department for Education have been applied for the purposes intended.

In so far as the trustees are aware:

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

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

Approved by order of the members of the Board of Trustees on ...29/11/16..... and signed on its behalf by:

  
.....  
Prof J Crewdson  
Chair of Trustees

## **Ripley St Thomas Church of England Academy**

### **Independent Auditor's Report to the Members of Ripley St Thomas Church of England Academy for the year ended 31<sup>st</sup> August 2016**

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

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

#### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the trustees (who are also the directors of the Academy Trust 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 Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

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

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

*(Continued)*

## Ripley St Thomas Church of England Academy

### Independent Auditor's Report to the Members of Ripley St Thomas Church of England Academy for the year ended 31<sup>st</sup> August 2016 (continued)

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

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

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



Mr Phillip Dennison FCCA (Senior Statutory Auditor)  
For and on behalf of CWR Chartered Accountants  
Statutory Auditor  
20 Mannin Way  
Lancaster Business Park  
Caton Road  
Lancaster  
LA1 3SW

Date: 19.12.2016.....

## **Ripley St Thomas Church of England Academy**

### **Independent Reporting Accountant's Assurance Report on Regularity to Ripley St Thomas Church of England Academy and the Education Funding Agency for the year ended 31<sup>st</sup> August 2016**

In accordance with the terms of our engagement letter dated 31<sup>st</sup> August 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 Ripley St Thomas Church of England Academy during the year from 1<sup>st</sup> September 2015 to 31<sup>st</sup> 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 Ripley St Thomas Church of England Academy and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Ripley St Thomas Church of England Academy and 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 Ripley St Thomas Church of England Academy and EFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Ripley St Thomas Church of England Academy's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Ripley St Thomas Church of England Academy's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1<sup>st</sup> 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 from the 1<sup>st</sup> September 2015 to the 31<sup>st</sup> 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 EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions includes:

- Obtaining evidence including those tests relevant to the circumstances of the Academy Trust as prescribed in Section 9.4 of the Academies Accounts Direction 2015 to 2016 issued by EFA; and
- Planning and performing any additional tests we deemed necessary to express an opinion on regularity.

*(Continued)*

## Ripley St Thomas Church of England Academy

### Independent Reporting Accountant's Assurance Report on Regularity to Ripley St Thomas Church of England Academy and the Education Funding Agency for the year ended 31<sup>st</sup> August 2016 (continued)

#### Conclusion

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



Mr Phillip Dennison FCCA (Senior Statutory Auditor)  
For and on behalf of CWR Chartered Accountants  
Statutory Auditor  
20 Mannin Way  
Lancaster Business Park  
Caton Road  
Lancaster  
LA1 3SW

Date: 19.12.2016 .....

## Ripley St Thomas Church of England Academy

### Statement of Financial Activities (including Income and Expenditure Account) for the year ended 31<sup>st</sup> August 2016

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000	Total 2015 £000
<b>Income and endowments from:</b>						
Donations and capital grants	2	-	340	673	1,013	325
Charitable activities:						
Funding for the Academy Trust's educational operations	5	-	8,472	-	8,472	8,236
Other trading activities	3	507	-	-	507	256
Investments	4	9	-	-	9	8
<b>Total</b>		<b>516</b>	<b>8,812</b>	<b>673</b>	<b>10,001</b>	<b>8,825</b>
<b>Expenditure on:</b>						
Raising funds		-	-	-	-	-
Charitable activities:						
Academy trust's educational operations	6,7	507	8,253	101	8,861	8,223
Other		-	-	-	-	-
<b>Total</b>		<b>507</b>	<b>8,253</b>	<b>101</b>	<b>8,861</b>	<b>8,223</b>
<b>Net income</b>		<b>9</b>	<b>559</b>	<b>572</b>	<b>1,140</b>	<b>602</b>
<b>Transfers between funds</b>	16	-	(542)	542	-	-
<b>Other recognised (losses)</b>						
Actuarial (losses) on defined benefit pension schemes	16, 26	-	(920)	-	(920)	(60)
<b>Net movement in funds</b>		<b>9</b>	<b>(903)</b>	<b>1,114</b>	<b>220</b>	<b>542</b>
Funds brought forward at 1 <sup>st</sup> September 2015	16	451	(1,009)	11,883	11,325	10,783
<b>Total funds carried forward at 31<sup>st</sup> August 2016</b>		<b>460</b>	<b>(1,912)</b>	<b>12,997</b>	<b>11,545</b>	<b>11,325</b>

All income and expenditure derive from continuing activities.

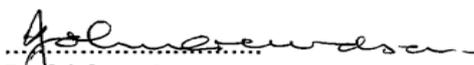
The statement of financial activities includes all gains and losses recognised during the year.

# Ripley St Thomas Church of England Academy

## Balance Sheet as at 31<sup>st</sup> August 2016

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
<b>Fixed assets</b>					
Tangible assets	11		12,769		11,842
<b>Current assets</b>					
Stocks	12	5		5	
Debtors	13	157		116	
Cash at bank and in hand		2,031		1,458	
		<u>2,193</u>		<u>1,579</u>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	14	<u>(924)</u>		<u>(652)</u>	
<b>Net current assets</b>			<u>1,269</u>		<u>927</u>
<b>Total assets less current liabilities</b>			14,038		12,769
Creditors: Amounts falling due after more than one year	15		(245)		(213)
<b>Net assets excluding pension liability</b>			<u>13,793</u>		<u>12,556</u>
Defined benefit pension scheme liability	26		(2,248)		(1,231)
<b>Net assets including pension liability</b>			<u>11,545</u>		<u>11,325</u>
<b>Funds of the Academy Trust:</b>					
<b>Restricted funds</b>					
Fixed asset fund	16	12,997		11,883	
General fund	16	336		222	
Pension reserve	16	<u>(2,248)</u>		<u>(1,231)</u>	
<b>Total restricted funds</b>			11,085		10,874
<b>Unrestricted income funds</b>	16		460		451
<b>Total funds</b>			<u>11,545</u>		<u>11,325</u>

The financial statements on pages 20 to 45 were approved by the trustees, and authorised for issue on 29/11/16 and are signed on their behalf by:

  
 Prof J Crewdson  
 Chair of Trustees

Company Limited by Guarantee  
 Registration Number: 07588464

## Ripley St Thomas Church of England Academy

### Statement of Cash Flows for the year ended 31<sup>st</sup> August 2016

	Notes	2016 £000	2015 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	20	920	1,339
<b>Cash flows from investing activities</b>	22	(346)	(746)
<b>Cash flows from financing activities</b>	21	(1)	(103)
<b>Change in cash and cash equivalents in the reporting period</b>		<u>573</u>	<u>490</u>
<b>Cash and cash equivalents at 1<sup>st</sup> September 2015</b>		1,458	968
<b>Cash and cash equivalents at 31<sup>st</sup> August 2016</b>	23	<u>2,031</u>	<u>1,458</u>

# Ripley St Thomas Church of England Academy

## Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

### 1 Statement of accounting policies

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

#### Basis of Preparation

The financial statements of the Academy 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.

#### First time adoption of FRS 102

These financial statements are the first financial statements of Ripley St Thomas Church of England Academy prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Ripley St Thomas Church of England Academy for the year ended 31<sup>st</sup> August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 29.

#### Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The trustees make this assessment in respect of a period of 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.

#### Income

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

- **Grants receivable**

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

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

# Ripley St Thomas Church of England Academy

## Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

### 1 Statement of accounting policies (continued)

#### Income (continued)

##### Grants receivable (continued)

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**

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

- **Other income**

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

- **Donated goods, facilities and services**

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

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

#### Expenditure

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

- **Expenditure on raising funds**

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

**Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016**

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

**Expenditure (continued)**

• **Charitable activities**

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

**Tangible Fixed Assets**

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Long leasehold buildings	over the remainder of the 125 year lease straight line
Fixtures, fittings and equipment	33% straight line
Computer hardware	33% straight line
Motor Vehicles	25% straight line

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

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

The building valuation represents the value of leasehold assets as per the EFA valuation carried out in 2016 by a RICS approved valuer. In this valuation the leasehold buildings were valued at £12,284,000. The assets were valued using a depreciated replacement cost model and are to be depreciated over a 125 year period (note 11).

**Agency arrangements**

The Academy Trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 28.

# Ripley St Thomas Church of England Academy

## Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

### 1 Statement of accounting policies (continued)

#### Liabilities

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

#### Provisions

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

#### Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

#### Stocks

Stock consists of unused stationery stores and is valued at the lower of cost or net realisable value.

#### Taxation

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

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

**Pensions Benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, 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 is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

**Fund Accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the trustees.

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

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

# Ripley St Thomas Church of England Academy

## Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

### 1 Statement of accounting policies (continued)

#### **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 26, will impact on the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31<sup>st</sup> March 2013 has been used by the actuary in valuing the pensions liability at 31<sup>st</sup> 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.

## Ripley St Thomas Church of England Academy

### Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

#### 2 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Capital grants	-	673	673	35
Trips and other non-public funds	-	288	288	211
Other donations	-	52	52	79
	<u>-</u>	<u>1,013</u>	<u>1,013</u>	<u>325</u>

Income from donations and capital grants was £1,013,000 (2015 - £325,000) of which £nil (2015 - £15,000) was attributable to unrestricted funds, £340,000 (2015 - £275,000) was attributable to restricted general funds and £673,000 (2015 - £35,000) was attributable to restricted fixed asset funds.

£673,000 (2015 - £35,000) of government grants were received for capital and maintenance works.

#### 3 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Hire of facilities	33	-	33	31
Catering income	305	-	305	1
Sale of educational goods and services	120	-	120	108
Supplies of staff	9	-	9	8
Teaching school income	33	-	33	81
Other	7	-	7	27
	<u>507</u>	<u>-</u>	<u>507</u>	<u>256</u>

Income from other trading activities was £507,000 (2015 - £256,000) of which £507,000 (2015 - £241,000) was attributable to unrestricted funds, £nil (2015 - £15,000) was attributable to restricted general funds and £nil (2015 - £nil) was attributable to restricted fixed asset funds.

#### 4 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Short term deposits	9	-	9	8
	<u>9</u>	<u>-</u>	<u>9</u>	<u>8</u>

Investment income was £9,000 (2015 - £8,000) of which £9,000 (2015 - £8,000) was attributable to unrestricted funds, £nil (2015 - £nil) was attributable to restricted general funds and £nil (2015 - £nil) was attributable to restricted fixed asset funds.

## Ripley St Thomas Church of England Academy

### Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

#### 5 Funding for Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG)	-	7,986	7,986	7,969
Other DfE/EFA grants	-	459	459	240
	<u>-</u>	<u>8,445</u>	<u>8,445</u>	<u>8,209</u>
<b>Other Government grants</b>				
Local Authority grants	-	27	27	27
	<u>-</u>	<u>27</u>	<u>27</u>	<u>27</u>
Other income from the Academy Trust's educational operations	-	-	-	-
	<u>-</u>	<u>8,472</u>	<u>8,472</u>	<u>8,236</u>

Funding for Academy Trust's educational operations was £8,472,000 (2015 - £8,236,000) of which £nil (2015 - £nil) was attributable to unrestricted funds, £8,472,000 (2015 - £8,236,000) was attributable to restricted general funds and £nil (2015 - £nil) was attributable to restricted fixed asset funds.

£8,472,000 (2015 - £8,236,000) of government grants were received for the purposes of the day to day running costs of the academy and its charitable objectives.

## Ripley St Thomas Church of England Academy

### Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

#### 6 Expenditure

	<b>Staff Costs £000</b>	<b>Non Pay Expenditure</b>		<b>Total 2016 £000</b>	<b>Total 2015 £000</b>
		<b>Premises £000</b>	<b>Other Costs £000</b>		
Expenditure on raising funds	-	-	-	-	-
Academy Trust's educational operations					
Direct costs	5,832	85	1,090	7,007	6,740
Allocated support costs	<u>856</u>	<u>683</u>	<u>315</u>	<u>1,854</u>	<u>1,483</u>
	<u>6,688</u>	<u>768</u>	<u>1,405</u>	<u>8,861</u>	<u>8,223</u>

£507,000 (2015 - £264,000) of the above expenditure on the Academy Trust's educational operations was attributable to unrestricted funds, £8,253,000 (2015 - £7,817,000) was attributable to restricted general funds and £101,000 (2015 - £142,000) was attributable to restricted fixed asset funds.

Net income/expenditure for the year includes:

	<b>2016 £000</b>	<b>2015 £000</b>
Operating lease rentals	1	1
Depreciation	101	142
(Gain)/loss on disposal of fixed assets	-	-
Amortisation of intangible fixed assets (included within Charitable Activities – Academy Trust educational operations)	-	-
Fees payable to the auditor for:		
Audit	5	5
Other services	<u>4</u>	<u>2</u>
	<u>111</u>	<u>150</u>

No transactions have taken place under Section 3.1.7 and 3.1.8 of the 2015 Academies Financial Handbook which require additional disclosure.

## Ripley St Thomas Church of England Academy

### Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

#### 7 Charitable activities

		<b>Total 2016 £000</b>	<b>Total 2015 £000</b>
<b>Direct costs – educational operations</b>		7,007	6,740
<b>Support costs – educational operations</b>		1,854	1,483
		<hr/> 8,861	<hr/> 8,223
		<hr/>	<hr/>
<b>Analysis of support costs</b>	<b>Educational operations £000</b>	<b>Total 2016 £000</b>	<b>Total 2015 £000</b>
Support staff costs	856	856	610
Depreciation	16	16	14
Premises costs	668	668	571
Other support costs	282	282	258
Governance costs	32	32	30
<b>Total support costs</b>	<hr/> 1,854	<hr/> 1,854	<hr/> 1,483
		<hr/>	<hr/>

Included within governance costs are any costs associated with the strategic as opposed to day to day management of the academy's activities. This will include the cost of any administrative support provided to the trustees and costs relating to the statutory requirements including audit and preparation of statutory accounts.

# Ripley St Thomas Church of England Academy

## Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

### 8 Staff

#### (a) Staff costs

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Staff costs during the period were:		
Wages and salaries	5,287	4,891
Social security costs	455	368
Operating costs of defined benefit pension schemes	791	758
	<u>6,533</u>	<u>6,017</u>
Supply staff costs	134	137
Staff restructuring costs	21	75
	<u>6,688</u>	<u>6,229</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	21	75
Other restructuring costs	-	-
	<u>21</u>	<u>75</u>

#### (b) Staff severance payments

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £21,000 (2015: £75,000). Individually, the payments were: £21,000.

#### (c) Staff numbers

The average number of persons employed by the Academy Trust during the year, and the full time equivalents, was as follows:

	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>Number</b>	<b>Full-time</b>	<b>Number</b>	<b>Full-time</b>
		<b>equivalent</b>		<b>equivalent</b>
Teachers	99	91	97	91
Administration and support	80	57	63	48
Management	9	9	9	9
	<u>188</u>	<u>157</u>	<u>169</u>	<u>148</u>

# Ripley St Thomas Church of England Academy

## Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

### 8 Staff (continued)

#### (d) Higher paid staff

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

	2016 No.	2015 No.
£60,001 - £70,000	2	2
£70,001 - £80,000	2	1
£110,001 - £120,000	1	1
	5	4

#### (e) Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £644,000 (2015: £611,000).

### 9 Related party transactions - Trustees' remuneration and expenses

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

Mrs E Nicholls (Principal and trustee):	
Remuneration	£115,000 - £120,000 (2015: £115,001 - £120,000)
Employers' pension contributions	£15,000 - £20,000 (2015: £15,000 - £20,000)
Miss S Exton (staff trustee): (appointed 5 <sup>th</sup> October 2015)	
Remuneration	£35,000 - £40,000 (2015: not appointed as a staff trustee)
Employers' pension contributions	£5,000 - £10,000 (2015: not appointed as a staff trustee)
Mrs R Buckland (staff trustee):	
Remuneration	£25,000 - £30,000 (2015: £20,000 - £25,000)
Employers' pension contributions	£0 - £5,000 (2015: £0 - £5,000)
Mr M Sim (staff trustee)	
Remuneration	£60,000 - £65,000 (2015: £55,000 - £60,000)
Employers' pension contributions	£5,000 - £10,000 (2015: £5,000 - £10,000)

During the year ended 31<sup>st</sup> August 2016, travel and subsistence expenses totalling £1,349 were reimbursed or paid directly to 1 trustee (2015: £594 to 1 trustee).

Other related party transactions involving the trustees are set out in note 27.

# Ripley St Thomas Church of England Academy

## Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

### 10 Trustees' and officers' insurance

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

### 11 Tangible fixed assets

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Hardware £000	Motor Vehicles £000	<b>Total £000</b>
<b>Cost</b>					
At 1 <sup>st</sup> September 2015	12,064	166	142	7	<b>12,379</b>
Additions	1,028	-	-	-	<b>1,028</b>
Disposals	-	-	-	-	-
At 31 <sup>st</sup> August 2016	<b>13,092</b>	<b>166</b>	<b>142</b>	<b>7</b>	<b>13,407</b>
<b>Depreciation</b>					
At 1 <sup>st</sup> September 2015	363	97	70	7	<b>537</b>
Charged in period	37	32	32	-	<b>101</b>
Disposals	-	-	-	-	-
At 31 <sup>st</sup> August 2016	<b>400</b>	<b>129</b>	<b>102</b>	<b>7</b>	<b>638</b>
<b>Net book values</b>					
At 31 <sup>st</sup> August 2015	11,701	69	72	-	<b>11,842</b>
At 31 <sup>st</sup> August 2016	<b>12,692</b>	<b>37</b>	<b>40</b>	<b>-</b>	<b>12,769</b>

### 12 Stocks

	<b>2016 £000</b>	<b>2015 £000</b>
Stationery	5	5
	<b>5</b>	<b>5</b>

### 13 Debtors

	<b>2016 £000</b>	<b>2015 £000</b>
Trade debtors	4	10
VAT recoverable	82	31
Other debtors	-	3
Prepayments and accrued income	71	72
	<b>157</b>	<b>116</b>

## Ripley St Thomas Church of England Academy

### Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

#### 14 Creditors: amounts falling due within one year

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	82	111
Other taxation and social security	129	108
Diocese of Blackburn	61	102
Other creditors	195	128
Accruals and deferred income	457	203
	<u>924</u>	<u>652</u>

#### 15 Creditors: amounts falling due after more than one year

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Diocese of Blackburn	152	213
Salix loan	93	-
	<u>245</u>	<u>213</u>

The Salix loan received to fund energy efficient projects in the school funded via the EFA Salix scheme with no interest charged on the balance outstanding. The cost of repaying the loan will be offset by the energy cost savings resulting from the works carried out. Loan repayments are made in September and March of each year for the life of the loan. The total repayable after more than five years on this balance is £43,570.

# Ripley St Thomas Church of England Academy

## Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

### 16 Funds

	Balance at 1 <sup>st</sup> September 2015 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 <sup>st</sup> August 2016 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	516	7,986	(7,414)	(643)	445
Pupil premium	-	164	(164)	-	-
Other DfE/EFA grants	14	295	(205)	-	104
Local Authority grants	5	27	(32)	-	-
Other restricted funds	1	340	(341)	-	-
Diocese of Blackburn	(314)	-	-	101	(213)
Pension reserve	(1,231)	-	(97)	(920)	(2,248)
	<b>(1,009)</b>	<b>8,812</b>	<b>(8,253)</b>	<b>(1,462)</b>	<b>(1,912)</b>
<b>Restricted fixed asset funds</b>					
DfE/EFA capital grants	41	673	-	(486)	228
Other capitalised assets	106	-	(28)	407	485
EFA building valuation	11,736	-	(73)	621	12,284
	<b>11,883</b>	<b>673</b>	<b>(101)</b>	<b>542</b>	<b>12,997</b>
<b>Total restricted funds</b>	<b>10,874</b>	<b>9,485</b>	<b>(8,354)</b>	<b>(920)</b>	<b>11,085</b>
<b>Total unrestricted funds</b>	<b>451</b>	<b>516</b>	<b>(507)</b>	<b>-</b>	<b>460</b>
<b>Total funds</b>	<b>11,325</b>	<b>10,001</b>	<b>(8,861)</b>	<b>(920)</b>	<b>11,545</b>

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

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward. At 31<sup>st</sup> August 2016 the carry forward of GAG was £549,000 (2015: £445,000).

Other DfE/EFA grants include monies received outside of GAG funding and includes: Year 7 Catch-up and National College grants. At 31<sup>st</sup> August 2016 the carry forward on these funds was £104,000 (2015: £14,000).

Local Authority grants represent amounts payable to the Academy predominantly from Lancashire County Council and includes Special Educational Needs (SEN) funding and Free School Meals Project funding. This funding had been fully utilised at the 31<sup>st</sup> August 2016.

Other restricted funds includes the income and related expenditure for educational visits, supplies of staff, after school clubs and all donations for specified purposes such as charitable or educational trust grants, fundraising proceeds and general donations with restrictions attached. As at the 31<sup>st</sup> August 2016 all of these funds had been spent in full

DfE/EFA capital grants received during the year relate to Devolved Formula Capital and Condition Improvement Funding. One capital project was ongoing at the year end and £228,000 of funding has been carried forward to the next year.

Capitalised assets post conversion represents the value of assets purchased since conversion to academy status. These are depreciated in line with the accounting policies set out in note 1.

## Ripley St Thomas Church of England Academy

### Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

#### 16 Funds (continued)

The EFA building valuation represents the value of leasehold assets as per the EFA valuation carried out in 2016 by a RICS approved valuer. In this valuation the leasehold buildings were valued at £12,284,000. The assets were valued using a depreciated replacement cost model and are to be depreciated over a 125 year period.

Unrestricted funds includes the income and related expenditure for; lettings, sales of goods and services, Teaching School activities, external catering, student placements and school productions. It also includes all investment income and gift aid donations. This fund includes the surplus on conversion to Academy of £281,000. The balance on this fund at the 31<sup>st</sup> August 2016 is £460,000 and these funds can be used at the discretion of the Trustees, in order to meet the charitable objectives of the Academy.

#### 17 Analysis of net assets between funds

Fund balances at 31<sup>st</sup> August 2016 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	12,769	12,769
Current assets	460	1,505	228	2,193
Current liabilities	-	(924)	-	(924)
Non-current liabilities	-	(245)	-	(245)
Pension scheme liability	-	(2,248)	-	(2,248)
<b>Total net assets/(liabilities)</b>	<u>460</u>	<u>(1,912)</u>	<u>12,997</u>	<u>11,545</u>

#### 18 Capital commitments

	2016 £000	2015 £000
Contracted for, but not provided in the financial statements	<u>336</u>	<u>-</u>

#### 19 Commitments under operating leases

##### Operating leases

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

	2016 £000	2015 £000
Amounts due within one year	1	1
Amounts due between one and five years	-	1
Amounts due after five years	-	-
	<u>1</u>	<u>2</u>

# Ripley St Thomas Church of England Academy

## Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

### 20 Reconciliation of net income/(expenditure) to net cash inflow from operating activities

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Net income for the reporting period (as per the Statement of Financial Activities)	1,140	602
Adjusted for:		
Depreciation (note 11)	101	141
Capital grants from DfE and other capital income	(673)	(35)
Interest receivable (note 4)	(9)	(8)
Defined benefit pension scheme cost less contributions payable (note 26)	51	36
Defined benefit pension scheme finance cost (note 26)	46	41
(Increase)/decrease in debtors	(41)	385
Increase in creditors	305	177
<b>Net cash provided by operating activities</b>	<b>920</b>	<b>1,339</b>

### 21 Cash flows from financing activities

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Repayments of borrowing	(101)	(103)
Cash inflows from borrowing	100	-
<b>Net cash (used in) financing activities</b>	<b>(1)</b>	<b>(103)</b>

### 22 Cash flows from investing activities

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Dividends, interest and rents from investments	9	8
Purchase of tangible fixed assets	(1,028)	(789)
Capital grants from DfE/EFA	673	35
<b>Net cash (used in) investing activities</b>	<b>(346)</b>	<b>(746)</b>

### 23 Analysis of cash and cash equivalents

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	2,031	1,458
Notice deposits (less than 3 months)	-	-
<b>Total cash and cash equivalents</b>	<b>2,031</b>	<b>1,458</b>

## **Ripley St Thomas Church of England Academy**

### **Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016**

#### **24 Contingent Liabilities**

During the year of the funding agreement, in the event of the sale or disposal by other means of any leasehold building the Academy is required to either re-invest the proceeds or to repay the Secretary of State for Education or the Trustees of Lancaster, Ripley Church of England Educational Trust (Charity number 526393) the proceeds of the sale or disposal as these two bodies would jointly have an interest in the proceeds of any sale.

#### **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 Pension and similar obligations**

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

The latest actuarial valuation of the TPS was 31<sup>st</sup> March 2012 and of the LGPS 31<sup>st</sup> March 2013.

Contributions amounting to £104,708 (2015: £92,321) were payable to the schemes at 31<sup>st</sup> August 2016 and are included within creditors.

##### **Teachers' Pension Scheme**

###### **Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1<sup>st</sup> April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1<sup>st</sup> 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.

**Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016**

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

**Teachers' Pension Scheme (continued)**

The latest actuarial valuation of the TPS was carried out as at 31<sup>st</sup> 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<sup>th</sup> 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; and
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1<sup>st</sup> April 2019.

The pension costs paid to TPS in the period amounted to £972,000 (2015: £860,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31<sup>st</sup> August 2016 was £295,000 (2015: £251,000), of which employer's contributions totalled £225,000 (2015: £192,000), and employees' contributions totalled £70,000 (2015: £59,000). The agreed contribution rates for future years are 16% for employers and the rate for employees remains dependent on the salary of the employee.

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

As described in note 1 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

# Ripley St Thomas Church of England Academy

## Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

### 26 Pension and similar obligations (continued)

#### Local Government Pension Scheme (continued)

##### Principal Actuarial Assumptions

	<b>At 31<sup>st</sup> August 2016</b>	<b>At 31<sup>st</sup> August 2015</b>
Rate of increase in salaries	3.3%	3.8%
Rate of increase for pensions in payment / inflation	1.9%	2.3%
Discount rate for scheme liabilities	2.1%	4.0%
Inflation assumption (CPI)	1.8%	2.3%
Commutation of pensions to lump sums	50%	50%

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

	<b>At 31<sup>st</sup> August 2016</b>	<b>At 31<sup>st</sup> August 2015</b>
<i>Retiring today</i>		
Males	23.0	22.9
Females	25.6	25.4
<i>Retiring in 20 years</i>		
Males	25.2	25.1
Females	27.9	27.8

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

	<b>Fair value at 31<sup>st</sup> August 2016</b>	<b>Fair value at 31<sup>st</sup> August 2015</b>
Equity instruments	956	595
Government Bonds	-	95
Other Bonds	62	45
Property	235	157
Cash	87	22
Other	1,137	814
<b>Total market value of assets</b>	<b>2,477</b>	<b>1,728</b>

The actual return on scheme assets was £467,000 (2015: £65,000).

# Ripley St Thomas Church of England Academy

## Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

### 26 Pension and similar obligations (continued)

#### Local Government Pension Scheme (continued)

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

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Current service cost (net of employee contributions)	269	222
Net interest cost	-	-
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	<u>269</u>	<u>222</u>

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

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>At 1<sup>st</sup> September</b>	2,959	2,524
Current service cost	269	222
Past service cost	-	-
Interest cost	121	103
Employee contributions	68	58
Actuarial (gain)/loss	1,313	64
Benefits paid	(5)	(12)
Plan introductions, benefit changes, curtailments and settlements	-	-
<b>At 31<sup>st</sup> August</b>	<u>4,725</u>	<u>2,959</u>

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

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>At 1<sup>st</sup> September</b>	1,728	1,430
Interest income	75	62
Assets distributed on settlements	-	-
Actuarial gain/(loss)	393	4
Administration expenses	(5)	(4)
Employer contributions	223	190
Employee contributions	68	58
Benefits paid	(5)	(12)
Plan introductions, benefit changes, curtailments and settlements	-	-
<b>At 31<sup>st</sup> August</b>	<u>2,477</u>	<u>1,728</u>

## **Ripley St Thomas Church of England Academy**

### **Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016**

#### **27 Related Party Transactions**

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

The following related party transactions took place in the period of account:

Mrs D Cheetham has an interest Hugh Chatterton Commercial Kitchen Service Limited (company number 01633577). During the year ended 31<sup>st</sup> August 2016, the academy purchased services totalling £2,115 in line with the requirements of the Academies Financial Handbook.

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

#### **28 Agency arrangements**

The Academy distributes 16-19 bursary funds to students as an agent for the Education Funding Agency. In the accounting year ending 31<sup>st</sup> August 2016 the trust received £27,505 and disbursed £27,505 from the fund.

Similarly the Academy distributes School Centred Initial Teacher Training (SCITT) Bursary funding to student teachers as an agent for the Department for Education. In the accounting year ending 31<sup>st</sup> August 2016 the trust received £212,000 and disbursed £208,800 from the fund. The balance of £3,200 is included in other creditors in relation to the undistributed funds.

## Ripley St Thomas Church of England Academy

### Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

#### 29 Explanation of transition to FRS102

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<sup>st</sup> August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1<sup>st</sup> September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

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

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

<b>Reconciliation of net income / expenditure</b>	<b>31<sup>st</sup> August 2015 £000</b>
Net income previously reported under UK GAAP	629
Change in recognition of LGPS interest cost	(27)
Employee benefits accrual	-
Net income reported under FRS102	<u>602</u>

#### **Change in recognition of LGPS interest cost**

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1<sup>st</sup> September 2014 or 31<sup>st</sup> August 2015. The effect of the change has been to increase the debit expense by £27,000 and reduce the debit in other recognised gains and losses in the SoFA by an equivalent amount.

#### **Recognition of outstanding employee benefits**

No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. A small number of employees are entitled to carry forward unused holiday entitlement at the reporting date. The expense in relation to this is wholly immaterial and therefore no retrospective adjustment has been made in the accounts at 31<sup>st</sup> August 2016.