

**Redborne Upper School
and Community
College**

**Annual Report and Financial
Statements**

31 August 2017

Company Limited by Guarantee
Registration Number
07566436 (England and Wales)

Contents

Reports

Reference and administrative information	1
Governors' report	3
Governance statement	16
Statement on Regularity, propriety and compliance	21
Statement of governors' responsibilities	22
Independent auditor's report on financial statements	23
Independent reporting accountant's report on regularity	26

Financial statements

Statement of financial activities incorporating income & expenditure account	28
Balance sheet	29
Statement of cash flows	30
Principal accounting policies	31
Notes to the financial statements	37

Reference and administrative information

Members and Governors

Dr. R A'Court* (Chairman)
Mr B Farbon* (Vice-Chairman)
Mr C Birtwisle
Mr T Corkett
Mr N Croft (Principal and Accounting Officer)*
Mr A Day (Staff Governor)
Mr D Farbon*
Mr C Flynn (Staff Governor)
Ms J Galvin*
Mr R Last
Mr R Mintern*
Professor J Morris*
Mrs D Nunn (Staff Governor)
Mr G Pereira*
Mrs E Tebbutt
Mr C Templeman
Mrs J Tucker
Ms B Woodward

* members of the Finance Committee

Company Secretary

A French

Senior Leadership Team

Principal	N Croft
Head of School	S Gray
Deputy Head	A Day
Deputy Head	A French
Deputy Head	J Williets
Assistant Headteacher	N Brennan
Assistant Headteacher	C Graves
Assistant Headteacher	D McGuigan
Assistant Headteacher	V Parry
Assistant Headteacher	J Trapp
Assistant Headteacher	R Woodward

Registered address

Flitwick Road
Amphill
Bedfordshire
MK45 2NU

Reference and administrative information

Company registration number 07566436 (England and Wales)

Auditor Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers NatWest Bank
152 Silbury Boulevard
Central Milton Keynes
MK9 1LT

Solicitors Stone King LLP
Boundary House
Charterhouse Street
London
EC1M 6HR

Governors' report Year ended 31 August 2017

The governors of Redborne Upper School and Community College ('the School') present their statutory report together with the financial statements of the School for the year ended 31 August 2017. The annual report serves the purposes of both a governors' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 31 to 36 of the attached financial statements and comply with the School's memorandum and articles of association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

The governors act as the trustees for the charitable activities of Redborne Upper School and Community College and are also the directors of the School for the purpose of company law. The School is known as Redborne Upper School and Community College. Details of the governors who served throughout the period are detailed on page 5. The School was incorporated on 16 March 2011 and the School converted to an Academy Trust on 1 April 2011.

Members' liability

Each member of the School undertakes to contribute to the assets of the School 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 as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

In accordance with normal practice the School has purchased insurance to protect the governors and officers from claims arising from negligent acts, errors or omissions whilst on School business. The cover under the policy is £2 million and in the period under review the sum of £1,070 was paid.

Governors' duties and responsibilities

1. The conduct of the School (i.e. ethos, appearance, attitudes, level of parental support, etc) is under the direction of the governors. The Principal is responsible for the internal organisation and management of the School.
2. The governors can modify the curriculum policy to match their aims for the School. The determination and organisation of the secular curriculum is the responsibility of the Head.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governors' duties and responsibilities (continued)

3. The governors share responsibility with DfE and the Principal for ensuring that:
 - ◆ the National Curriculum is followed;
 - ◆ only approved external qualifications and syllabuses are offered to students;
 - ◆ religious education is provided for all in accordance with the agreed syllabus.
4. The governors must try to ensure that the right provision is made for students with special educational needs.
5. The governors must have a policy on whether and how sex education should be provided at the School.
6. The governors must decide how the School's delegated budget is spent, and ensure that accurate accounts are kept.
7. The governors must implement a Charging Policy in line with Government legislation.
8. The governors must decide how many staff should work at the School and who should be appointed. They can recommend dismissal of staff and should set out disciplinary rules and procedures. They can use their discretion over the award of incentive allowances.
9. Discipline: The governors may draw up a written statement of general principles to the Principal and must hear any appeals by parents against exclusion.
10. The governors control the use of premises outside school time and should periodically inspect the premises and keep the LEA informed as to the condition and state of repair under the terms of a 125 year lease.
11. The governors must ensure that attendance registers are kept properly.

Principal activities

The School's principal activity is to establish and maintain a school which provides education to pupils of different abilities who are mainly drawn from the area in which the School is situated.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governors

The governors are directors of the School for the purposes of the Companies Act 2006. The following governors were in office at 31 August 2017 and served throughout the year except where shown.

Governor	Appointed/Resigned	Appointing body
Mr C Birtwisle		Members of the Academy Trust
Mrs A Brown	Resigned May 2017	Members of the Academy Trust
Mr T Corkett		Parent body
Dr R A'Court (Chairman)		Parent body
Mr N Croft (Principal)		Ex officio
Mr A Day		The School's staff
Mr B Farbon		Members of the Academy Trust
Mr D Farbon		Members of the Academy Trust
Mr C Flynn		The School's staff
Mrs J Galvin		Parent body
Professor J Harris	Resigned September 2017	Members of the Academy Trust
Mr R Last		Members of the Academy Trust
Mr R Mintern		Parent body
Professor J Morris		Members of the Academy Trust
Mrs D Nunn		The School's staff
Mr G Pereira		Members of the Academy Trust
Mrs P Rumble	Resigned December 2016	Members of the Academy Trust
Mrs E Tebbutt		Parent body
Mr C Templeman		Parent body
Mrs J Tucker		Members of the Academy Trust
Mrs E Woodward		Parent body

Method of recruitment and appointment or election of governors

The Governing Body comprises 7 parent governors, 7 community governors, 3 staff governors and the Principal. Currently there are 3 vacancies for community governors. The parent governors are elected by the parent body of the School. The staff governors are elected by the School's staff. The 10 community governors are appointed by the members of the Academy Trust. Community governors may be reappointed after the end of their term of office. Individuals may request to join the Governing Body and the members of the Academy Trust may decide to invite one of these individuals to join should a vacancy arise.

Policies and procedures adopted for the induction and training of governors

All governors undertake training as appropriate to their work at the School. New governors will be provided with an induction programme delivered in-house. A log is kept of all governor training and reviewed on a regular basis at the full Governing Body meetings.

Organisational structure

The governors, who are also the charity trustees, are responsible for the overall management and control of the School and meet at least three times a year.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

The work of reviewing and monitoring most policies is delegated to the members of the Committees as outlined below. They all work under the chairmanship of a governor appointed at the first committee meeting in each academic year. Terms of reference of these committees are agreed annually at these meetings. The Clerk to the governors co-ordinates the work of the governors and their Committees, prepares agendas and papers and reviews matters arising. The Business Manager prepares the financial statements on behalf of the governors.

All governors give their time to the role freely, no remuneration and no expenses were paid in the period.

Each of the six sub-committees, which are detailed below with their responsibilities, can make recommendations that must be endorsed by the Full Governing Body. The Committees and the Governing Body meet three times per year.

Premises and Community Sub-Committee

- ◆ Encourage links between the School and local business, arts, sports organisation, etc.
- ◆ Promote the School in the community use of premises. Condition of the buildings, maintenance, improvement or extension, reviewing quotations from contractors. Monitoring School grounds and cleaning arrangements. Usage, efficiency and potential development of the School premises.

Curriculum and Student Welfare Sub-Committee

- ◆ Oversee the School's curriculum and monitor standards.
- ◆ National Curriculum.
- ◆ Curricular policies, Curriculum Development Plan.
- ◆ Inspectors' reports, examination results, Learning Support.
- ◆ Reporting to parents.
- ◆ Discipline, admissions, times of school day.
- ◆ General welfare of students.

Finance Sub-Committee

- ◆ Draw up the annual revenue budget. Confirm purchases over £25,000.
- ◆ Monitor income and expenditure, consider auditor's reports.
- ◆ Authorise virement. Oversee capital expenditure.
- ◆ Lettings policies, charges to students.
- ◆ Receive audited financial statements.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

Personnel Sub-Committee

- ◆ Staff conditions of service.
- ◆ Staff and governor training.
- ◆ Staff discipline.
- ◆ Staff appraisal.
- ◆ Staff recruitment.
- ◆ Health and Safety at Work.

Disciplinary/Exclusions Sub-Committee

- ◆ Appeals from parents against exclusion of pupils.
- ◆ Appeals from parents regarding admissions.
- ◆ Appeals from staff regarding pay or discipline.
- ◆ Appeals from parents regarding the curriculum.

Salaries Sub-Committee

- ◆ Staff pay policy.
- ◆ Staff salaries.

The governors determine the general policies of the School. The day to day running of the School is delegated to the Principal, supported by the Senior Leadership Team. The Principal undertakes the key leadership role overseeing educational, pastoral and administrative functions in consultation with the Senior Leadership Team. The day to day administration is undertaken within the policies and procedures approved by the governors. Only significant expenditure decisions and major capital projects should be referred to the governors for prior approval.

The Principal is an ex-officio governor, Principal Accounting Officer and attends all Governing Body meetings. Head of School, the Assistant Headteachers and the Business Manager are invited to attend governors' meetings as appropriate.

Arrangements for setting pay and remuneration of key management personnel

A special sub committee of the Board of Governors meets in the first term of the school year to review the performance of senior staff against previously agreed targets. This committee makes recommendation about the level of remuneration for the year.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management

The governors conduct an annual review of the major risks to which the School is exposed.

The governors are responsible for the overseeing of the risks faced by the School. Detailed considerations of risk are delegated to the Senior Leadership Team of the School. Risks are identified, assessed and controls established throughout the period. A risk review has been undertaken and an analysis prepared. Risk is managed under the headings of strategic and reputational risks, operational risks, compliance risks and financial risks as recommended by the ESFA's Academy Financial Handbook.

Through the risk management processes in place at the School, the governors are satisfied that the major risks identified will be adequately mitigated where necessary. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks will be adequately managed.

Connected organisations, including related party relationships

The Principal is a member of a number of professional organisations which enable him to keep abreast of current educational matters and network with other outstanding schools to share expertise, knowledge and experience.

As part of its work, the School has a formal partnership with Bedford University, Central Bedfordshire Council and School Direct to provide Graduate Teacher Training and teacher training in the area. The School is host to the Redborne School Sports Partnership that is funded by grant income and subscriptions from partner schools.

The governors annually review these partnerships with these partner institutions.

OBJECTIVES AND ACTIVITIES

Objects and aims

The School's object is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Objectives, strategies and activities

This statement of objectives provides a framework for all that we are striving to achieve at Redborne Upper School and Community College. It is intended to give guidelines to governors, staff, students, parents and carers to ensure a common sense of purpose. The two basic objectives are as follows:

- ◆ To foster the spiritual, emotional, moral, social, cultural, mental and physical development of all students, both as individuals and as members of society, and thus seek to realise each student's full potential in all areas of school life.

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities (continued)

- ◆ To prepare all students to approach positively and confidently the opportunities, responsibilities and experiences of adult life.

In particular we aim at Redborne Upper School and Community College:

- ◆ To provide an environment, which is friendly, stimulating, disciplined, supportive and positive, and which promotes an attitude of co-operation and self-discipline.
- ◆ To provide equality of opportunity for all to enjoy learning, experience success, receive recognition and thus achieve respect, dignity and self-confidence.
- ◆ To provide a broad balanced coherent and appropriate educational experience for each individual.
- ◆ To develop both individual and group skills, powers of clear, creative, critical and reflective thinking, and the capacity to make informed and responsible decisions.
- ◆ To develop a reasoned set of attitudes, values and beliefs, combined with an open-minded and sensitive attitude towards the ideas and view of others.
- ◆ To encourage an awareness and understanding of the variety of the world's beliefs and cultures and of the interdependence of people.
- ◆ To develop an understanding of the physical world and the necessity to live harmoniously with the natural environment.
- ◆ To promote a sense of responsibility towards others and a wish to contribute positively and actively to the local community and the wider society.
- ◆ To develop an appreciation of the value of education as a lifelong process, and the motivation and skills for further learning.
- ◆ To foster adaptability which can help individuals cope with changes in the future pattern of life and work.

Public Benefit

In setting the School's objectives and planning its activities, the Governing Body have given careful consideration to the Charity Commission's general guidance on public benefit. The Governing Body consider that all activities undertaken fall within the guidance.

ACHIEVEMENT AND PROGRESS 2016 - 2017

It is now 9 years since the section 5 inspection in 2008 when Redborne was first judged to be an outstanding school. In the intervening years we have maintained a focus on driving improvements at both GCSE and A level in a sustainable way that has not lead to 'burn-out'. The section 8 Ofsted report in 2015 confirmed that our results were consistent with that outstanding rating and this year we were keen to ensure that the transition to the new-style maths and English examinations took place with the smoothest possible transition.

These remain difficult times for the education system, but the last year has at least seen the issue of school funding take centre stage, with politicians recognising that the fair and adequate funding of schools will once again be an issue that may affect how people cast their votes. Thankfully, the spectre of selective education has gone away for the moment, although the three tier debate may once again be with us in the local area.

We are still coming to terms with the implications of progress 8 and attainment 8, new specifications and new grading systems. We continue, with the support of staff, governors and parents, we have managed to stay true to our core beliefs about what makes a successful and comprehensive educational offer. The recent Ofsted guidance to inspectors puts a strong emphasis on the need for a broad and balanced curriculum. This puts an interesting paradox at the heart of the national picture, with the Government arguing for a narrowing of the curriculum with ever-increasing numbers of students taking the EBacc, while Ofsted is looking for an appropriate curriculum for students which avoids 'gaming the system' in the short-term pursuit of league table points.

It is possible that we may have reached a peak in the obsession with league table positions, and that a more balanced and nuanced approach to what constitutes 'quality' is starting to re-emerge. It is for this reason that we have included some more general information on the curriculum and the assessment measures in this report this year. As ministers come and go, we will carry on doing what we believe to be in the best interests of students – an approach which, as can be seen in the pages that follow, continues to be hugely successful.

It's a real pleasure to know that we have such a dedicated and professional team of colleagues within the School who will respond with honesty, determination and integrity to the challenges that lie ahead, both due to the national picture and the leadership transition currently underway at Redborne.

We have confirmed our position as national leaders in data management – very few schools have access to the quality of data that we have come to take for granted. The power of that data for both monitoring and effective action planning remains critical. We also know that this document is often used during our outreach work as an example of good practice, and so our words and the underlying processes will affect not only our immediate community, but may also cause ripples in the pond of the educational world across the country.

ACHIEVEMENT AND PROGRESS 2016 – 2017 (continued)

The statistics will tell only part of the story - we remain a community that places great store on the underlying values of mutual support and the desire to make our students into 'TERRIFIC' citizens. So many students have achieved so much, sometimes against the odds, and our commitment to recognising effort and added value as much as raw achievement is central to that values-based approach.

Students' achievement and progress at Redborne continue to be excellent:

- ◆ The last full OfSTED inspection in 2008 reported that Redborne met the criteria for 'outstanding' achievement and standards. The section 8 inspection in May 2015 based on 2014 examination data confirmed that rating.
- ◆ Recent results at both KS4 and A level remain excellent and higher than in 2014.
- ◆ 75% of students achieved 9-4 grades in English and Maths – 8% up on the value for A*-C in 2014.
- ◆ Each of the three years from 2015 to 2017 is better than anything that went before on this threshold measure. The three year average of 78% is nine percentage points higher than the value for 2012-2015 (69%). With the numerous changes in performance table measures this is the only statistic that can be fairly compared on a like for like basis across a six year period.
- ◆ The attainment 8 score of just over 49 equates to a B- grade; this is comfortably above the national average.
- ◆ Gifted and talented students are well catered for - 50 students at GCSE achieved 8 or more grades at A/7 or above, with 22 getting 10 subjects at that level and 13 achieving A*/8 in 8 or more subjects. Five students achieved grade 9 in three subjects. This is over 1.3% of the cohort when only 2,000 students achieved this feat nationally (about 0.4%).
- ◆ Sixth form achievement remains very high, with an ALPS 2 grade (based on a combined 'academic' and 'vocational' score) being achieved in each of the last six years.
- ◆ We remain the highest performing school in the Local Authority (LA) on the number of students entered, which is now 23% higher than any other school; only two other schools in the LA saw a rise in entries.
- ◆ Of the schools with a higher APS, almost all saw a significant drop in student numbers, typically by 10-20%. We have not sought to improve APS by aggressively 'weeding out' students who are less likely to pass with higher grades.
- ◆ Over 50% of entries at A level were graded at A*-B, and our APS figure compares favourably with many private and selective schools.

ACHIEVEMENT AND PROGRESS 2016 – 2017 (continued)

- ◆ Our innovative adaptation of national published data to generate expected progress lines for KS2-KS5 show that Redborne students perform exceptionally well against this measure with the overwhelming majority of students being above the national expectation line.
- ◆ In the last four years, 16 students successfully obtained Oxbridge places. In addition, six further students obtained places on medical and veterinary courses.

We remain very popular and hugely oversubscribed – the 481 applications in 2017 is 27% above the PAN and, we believe, may be the highest number of applications for any state comprehensive school in England.

Whole school summary data 2012-2017

Indicator	2012	2013	2014	2015	2016	2017
Number of students in KS4	341	345	332	352	362	382
Students achieving level 2 threshold including En and Ma ⁽¹⁾	74%	65%	63%	72%	76%	71%
Students achieving En and Ma at grade C/4 or above	74%	65%	67%	77%	83%	75%
Students achieving En and Ma at grade 5 or above	*	*	*	*	*	50%
% achieving English Baccalaureate	24	25	27	23	24	22
Attainment 8 score per pupil ⁽²⁾	*	*	*	52.3	55.2	49.2
Average grade per pupil	*	*	*	C+	B-	B-
Progress 8 score	*	*	*	+0.20	+0.11	-0.11
Progress 8 – English component ⁽²⁾	*	*	*	+0.28	+0.23	+0.13
Progress 8 – maths component ⁽²⁾	*	*	*	+0.33	+0.23	-0.02
Progress 8 – science pillar ⁽²⁾	*	*	*	*	+0.19	+0.06
Progress 8 – languages pillar ⁽²⁾	*	*	*	*	+0.51	+0.67
Progress 8 – humanities pillar ⁽²⁾	*	*	*	*	+0.41	+0.34
Post-16						
Number of students at the end of advanced study	177	197	211	193	219	224
Average points score per subject at the end of advanced study – academic	*	*	*	*	33.6 (C+)	30.9 (C)
APS for best three A levels	*	*	*	*	36.0 (B-)	35.2 (B-)
APS for technical	*	*	*	*	50 (Di*)	45.7 (Di*-)
APS for applied general	*	*	*	*	42.7 (Di*-)	31.9 (Di-)

Notes: *Statistic not collected or calculated in this year. (1) New rules applied since 2014 so year on year comparisons do not apply between pre-and post-2014 data. (2) Points scores changed in 2017, so direct comparisons with 2016 not applicable.

FINANCIAL REVIEW

Financial report for the year

The net movement on funds for the year amounted to an increase of £1,054,996 (2016: decrease of £1,536,405).

The majority of the School's funding was provided by the Educational and Skills Funding Agency (ESFA). The Academy's total incoming resources for the year ended 31 August 2017 amounted to £10,355,029 (2016 - £9,047,182). Funds received in the current year included £7,782,988 (2016 - £7,628,050) related to ESFA revenue grants and £93,143 (2016 - £31,737) of ESFA capital grants. The Academy also received capital grants of £1,062,727 from the Local Authority to fund Phase 2 of the Connolly Hall. Resources expended for the period totalled £9,953,033 (2016 - £9,580,587). In addition there was an actuarial gain on the defined benefit pension scheme of £653,000 (2016 - loss of £1,003,000).

The School held fund balances of £13,918,035 (2016 - £12,863,039) at 31 August 2017 which includes unrestricted funds of £511,602 (2016 - £854,120), whilst the remainder of the funds are restricted.

The results for the year are shown on page 28.

Financial and risk management objectives and policies

The governors have created a risk register that is reviewed annually which covers the following:

- ◆ the type of risks the School faces and the risks regarded as tolerable;
- ◆ the likelihood of the risks materialising and the School's ability to reduce their incidence and impact on the School's operations; and
- ◆ control procedures which can respond quickly to evolving risks arising from factors within the School and to changes in the external environment.

The principal risks and uncertainties facing the School include:

- ◆ Recruitment of students year on year into Years 9 and 12. The School has been over-subscribed for a number of years and as a result the number of students across the school has increased. This has helped to mitigate any pressures on costs by increasing funding. This level of recruitment will need to be maintained in order to be able to continue to do this.
- ◆ Natural risk – uncontrollable event e.g. fire. The School has annual inspection of fire alarms, emergency lighting and extinguishers. We undertake weekly testing of emergency lighting and alarms.
- ◆ Failure to comply with Health and Safety legislation resulting in an employee/student or visitor being injured or killed. The School has contracts with Bedford Borough Council for advice on health and safety and individuals are supported by access to Human Resource Management and Occupational Health.
- ◆ Financial control risk resulting in serious budget deficit. The School Business manager provides regular updates of the financial outlook and the Responsible Officer conducts a termly inspection of the financial systems.

FINANCIAL REVIEW (continued)

Financial and risk management objectives and policies (continued)

- ◆ A reduction in the real terms value of national funding for secondary education. Sound financial planning helps to mitigate the impact of this decrease in funding.
- ◆ Failure to comply with Employment law resulting in litigation or tribunals. The School has a contract with Bedford Borough Council for advice on Human Resource Management.
- ◆ Competition for funding/reputation/stakeholder risk – achievement standards falling or poor marketing, falling rolls. The School has a strong reputation and regularly promotes itself both internally and externally. Events such as the annual Open Evening and the Opportunities in Sixth Form are well advertised and well attended.
- ◆ Technology risk – information security risk, virus risk/corruption of data risk. The School subscribes to the Bedford Borough Broadband service that has extensive filters and virus protection. A back up of the school computer server is made each day and is stored off site.
- ◆ Quality risk of suppliers e.g. capital project providers. Contracts above £25,000 are subject to tender and approval by governors on the basis of value for money and quality of reference of suppliers.

Reserves policy

The governors have concluded that the minimum level of free reserves (total funds less the amount held in tangible fixed assets, restricted funds and designated funds) that the School should hold is £200,000. In exceptional circumstances the governors may suspend this policy for a fixed period of time. The reason for this is to provide sufficient working capital to provide resources to deal with unexpected emergencies, such as urgent maintenance, and to cover delays between spending and receipt of grants. The School's current level of free reserves is £511,602.

At 31 August 2017 the restricted ESFA fund was a deficit of £2,211,000 (2016 - deficit of £2,626,000). £2,216,000 of this balance relates to the School's share of the Local Government Pension Scheme (LGPS). Any cash outflows as a result of this deficit will occur over a long time period. The position is supported by the Parliamentary Minute that provides for a guarantee by the Department for Education to meet any outstanding LGPS liabilities in the event of an academy closure. The guarantee came into force on 18 July 2013.

Going concern

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

FINANCIAL REVIEW (continued)

Investment policy

The School's Investment Strategy is to:

1. Regularly monitor cash flow and current and fund bank account balances to ensure immediate financial commitments can be met (payroll and payments runs) and that the accounts have adequate balances to meet forthcoming commitments. In practice a working balance of between £200,000 and £300,000 is likely to be maintained.
2. Identify funds surplus to immediate cash requirements and transfer to the School's liquidity deposit account which bears a higher interest rate.
3. Periodically review interest rates and compare with other investment opportunities.
4. Only invest funds in risk free and immediately assessable deposit accounts.

Any change in policy requires the approval of the governors via the Finance Committee.

FUTURE ACTIVITIES AND PLANS

In September 2017 groundworks began for the Phase 2 extension to the Connolly Hall. A £1.1 million pound project, due for completion in late Spring 2018, will provide a new dining facility and 4 classrooms for school and community use.

AUDITOR

In so far as the governors are aware:

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

Governors' report, approved by order of the members of the Governing Body and signed on its behalf by:

Chairman



Date:

30 Nov 2017

Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to the 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 the School and the Secretary of State for Education. The Principal is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the governors' report and in the statement of governors' responsibilities. The Governing Body has formally met three times during the period. Attendance during the period at meetings of the Governing Body was as follows:

Governor	Number of meetings attended	Out of a possible
Mr C Birtwisle	3	3
Mrs A Brown	1	3
Mr T Corkett	1	3
Dr R A'Court (Chairman)	3	3
Mr N Croft (Principal)	3	3
Mr A Day	3	3
Mr B Farbon	3	3
Mr D Farbon	1	3
Mr C Flynn	3	3
Mrs J Galvin	1	3
Professor J Harris	—	3
Mr R Last	3	3
Mr R Mintern	1	3
Professor J Morris	3	3
Mrs D Nunn	2	3
Mr G Pereira	2	3
Mrs P Rumble	1	1
Mrs E Tebbutt	3	3
Mr C Templeman	1	3
Mrs J Tucker	2	3
Mrs E Woodward	3	3

Governance (continued)

The Finance Committee is a sub-committee of the main Governing Body. Its purpose and responsibilities are described on page 6.

Attendance at meetings in the period was as follows:

Governor	Number of meetings attended	Out of a possible
Dr R A'Court (Chairman)	3	3
Mr N Croft (Principal)	1	3
Mr B Farbon	2	3
Mr D Farbon	2	3
Mrs J Galvin	—	3
Mr R Mintern	—	3
Professor J Morris	—	3
Mr G Pereira	3	3

Governance reviews

The School did not conduct a review of governance in 2016-17 but intends to conduct its next self-evaluation and review of governance to be in place by August 2018. Plans are being drawn up to reconstitute the governing body, dividing responsibility and reallocating members and trustees.

Review of value for Money

As accounting officer, the Principal, has responsibility for ensuring that the School 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 the academic year, and reports to the board of trustees where value for money can be improved, including the use on benchmarking data where available.

In 2016-17 the school has many examples of how it has improved the use of resources to deliver better value for money in the trust during the year. Examples of best practice included competitive tendering processes for the following projects:

- ◆ Completion of a new fire alarm system in the south school building.
- ◆ Successful tender and award for construction of the Phase 2 of the Connolly Hall building project. This was started in September 2017 and is due for completion in May 2018.

Review of value for Money (continued)

The School monitors best value principles by requiring the school managers to provide feedback on

- ◆ Benchmarking against similar institutions
- ◆ Annual budget planning and annual financial review
- ◆ Periodic financial review by the Business Manager
- ◆ Analysis of pupil performance data and the efficiency of the curriculum provision and the construction of the timetable by the Senior Management Team

Measurable outcomes include

- ◆ Annual outturn budget
- ◆ Examination results
- ◆ Student recruitment to the school, the sixth form and individual courses
- ◆ Annual review of planning objectives of the development plan

Relevant documentation include

- ◆ OFSTED Inspection Reports
- ◆ School self-evaluation form – (SEF)
- ◆ Reports of meetings of the Governing Body's sub committees
- ◆ Report of meetings of the full Governing Body meetings
- ◆ Annual report to parents
- ◆ School Development Plan

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 School'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 at the School for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Body has reviewed the key risks to which the School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is an ongoing process for identifying, evaluating and managing the School's significant risks that has been in place for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

The risk and control framework

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

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed G Pereira, a governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the School's financial systems. On a termly basis, the RO reports to the governors on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

Governance statement 31 August 2017

Review of effectiveness


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

- ◆ the work of the Responsible Officer;
- ◆ the work of the external auditor;
- ◆ the financial management and governance self-assessment process;
- ◆ the work of the Senior Leadership Team within the School who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has advised the Finance Sub-committee of the implications of his review of the system of internal control and a plan to ensure continuous improvement of the system is in place.

Approved by order of the Governing Body and signed on their behalf by:

Chairman 


Principal and Accounting Officer

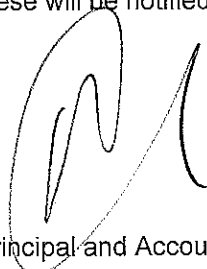
Approved on: 30 Nov 2017

Statement on regularity, propriety and compliance 31 August 2017

As Accounting Officer of Redborne Upper School and Community College, I have considered my responsibility to notify the School's Governing Body and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the School and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

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



Principal and Accounting Officer

Date: 30/11/17

Statement of governors' responsibilities 31 August 2017

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

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

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the School will continue in operation.

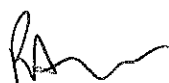
The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the School's transactions and disclose with reasonable accuracy at any time the financial position of the School and enable them to ensure that the financial statements comply with the Companies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

The governors are responsible for ensuring that in its conduct and operation the School applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA have been applied for the purposes intended.

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

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

Chairman



Date:

30 Nov 2017

Independent auditor's report on the financial statements to the members of Redborne Upper School and Community College

Opinion

We have audited the financial statements of Redborne Upper School and Community College (the 'charitable company') for the year ended 31 August 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP 2015) and the Academies Accounts Direction 2016 to 2017.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The governors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the governors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the governors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the governors' report.

Matters on which we are required to report by exception (continued)

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

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

Responsibilities of trustees

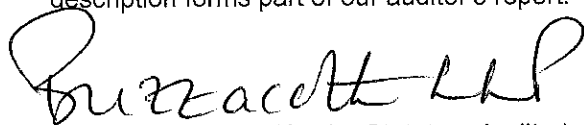
As explained more fully in the governors' responsibilities statement, the governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Shachi Blakemore (Senior Statutory Auditor)
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: *30 November 2017*

Independent reporting accountant's report on regularity to the Governing Body of Redborne Upper School and Community College and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Redborne Upper School and Community College during the period from 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Redborne Upper School and Community College's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Redborne Upper School and Community College's funding agreement with the Secretary of State for Education dated 31 March 2011 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

Independent reporting accountant's report on regularity 31 August 2017

Approach (continued)

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 School's income and expenditure.

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the School's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

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



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Date: 30 November 2017

Statement of financial activities Year ended 31 August 2017
(Including Income and Expenditure Account)

	Notes	Un-restricted funds £	Restricted funds			2017 Total funds £	2016 Total funds £
			ESFA £	Other £	Fixed assets fund £		
Income from:							
Donations and capital grants	2	20,386	—	—	1,325,870	1,346,256	58,149
Charitable activities							
. Funding for the Academy's educational operations	3	—	7,782,988	368,029	—	8,151,017	8,000,258
Other trading activities	4	758,786	—	96,690	—	855,476	984,053
Investments	5	2,280	—	—	—	2,280	4,722
Total income		781,452	7,782,988	464,719	1,325,870	10,355,029	9,047,182
Expenditure on:							
Charitable activities							
. Academy's educational operations		929,721	8,140,398	419,784	463,130	9,953,033	9,580,587
Total expenditure	6	929,721	8,140,398	419,784	463,130	9,953,033	9,580,587
Net (expenditure) income for the year before transfers		(148,269)	(357,410)	44,935	862,740	401,996	(533,405)
Transfers between funds		(194,249)	119,410	—	74,839	—	—
Net (expenditure) income for the year		(342,518)	(238,000)	44,935	937,579	401,996	(533,405)
Other recognised gains (losses)							
Actuarial gains (losses) on defined benefit pension scheme	19	—	653,000	—	—	653,000	(1,003,000)
Net movement in funds		(342,518)	415,000	44,935	937,579	1,054,996	(1,536,405)
Reconciliation of funds							
Fund balances brought forward at 1 September		854,120	(2,626,000)	20,134	14,614,785	12,863,039	14,399,444
Fund balances carried forward at 31 August		511,602	(2,211,000)	65,069	15,552,364	13,918,035	12,863,039

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

Balance sheet 31 August 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible fixed assets	13		14,503,392		14,614,785
Current assets					
Debtors	14	145,567		137,035	
Cash at bank and in hand		1,880,113		1,077,888	
		<u>2,025,680</u>		<u>1,214,923</u>	
Creditors: amounts falling due within one year	15	(395,037)		(340,669)	
Net current assets			<u>1,630,643</u>		<u>874,254</u>
Total assets less current liabilities			16,134,035		15,489,039
Pension scheme liability	19		(2,216,000)		(2,626,000)
Total net assets			<u>13,918,035</u>		<u>12,863,039</u>
Funds of the School					
Restricted funds					
. Fixed assets fund	16		15,552,364		14,614,785
. ESFA fund	16		5,000		—
. Pension reserve	16		(2,216,000)		(2,626,000)
. Other funds	16		65,069		20,134
			<u>13,406,433</u>		<u>12,008,919</u>
Unrestricted funds					
. General fund	16		511,602		854,120
Total funds			<u>13,918,035</u>		<u>12,863,039</u>

The financial statements on page 28 to 52 were approved by the Governors, and authorised for issue on 30 NOVEMBER 2017 and are signed on their behalf by:

Chairman



Redborne Upper School and Community College
Company Limited by Guarantee
Registration Number: 07566436 (England and Wales)

Statement of cash flows Year ended 31 August 2017

		2017 £	2016 £
Net cash flows from operating activities			
Net cash (used in) provided by operating activities	A	(174,188)	277,165
Cash flows from investing activities			
	B	976,413	(27,738)
Change in cash and cash equivalents in the year		<u>802,225</u>	<u>249,427</u>
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September		1,077,888	828,461
Cash and cash equivalents at 31 August	C	<u>1,880,113</u>	<u>1,077,888</u>

A Reconciliation of income (expenditure) to net cash flow from operating activities

	2017 £	2016 £
Net income (expenditure) for the year (as per the statement of financial activities)	401,996	(533,405)
Adjusted for:		
Depreciation (note 13)	463,130	450,283
Capital grants from DfE and other capital income	(1,325,870)	(31,737)
Interest receivable (note 5)	(2,280)	(4,722)
Defined benefit pension scheme cost less contributions payable (note 19)	188,000	72,000
Defined benefit pension scheme finance cost (note 19)	55,000	57,000
(Increase) decrease in debtors	(8,532)	195,318
Increase in creditors	54,368	72,428
Net cash (used in) provided by operating activities	<u>(174,188)</u>	<u>277,165</u>

B Cash flows from investing activities

	2017 £	2016 £
Interest receivable	2,280	4,722
Purchase of tangible fixed assets	(181,737)	(64,197)
Capital grants from DfE	1,155,870	31,737
Net cash used in investing activities	<u>976,413</u>	<u>(27,738)</u>

C Analysis of cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	1,880,113	1,077,888
Total cash and cash equivalents	<u>1,880,113</u>	<u>1,077,888</u>

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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Redborne Upper School and Community College meets the definition of a public benefit entity under FRS 102.

Going concern

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the School has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the School'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 income is recognised when the School has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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

Income (continued)

Grants (continued)

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

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

Donations

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

Other income

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

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.

Charitable activities

These are costs incurred on the School's educational operations, including support costs and costs relating to the governance of the academy trust.

All resources expended are stated net of recoverable VAT.

Tangible fixed assets

Assets costing £1,000 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. 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 such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the School's depreciation policy.

Tangible fixed assets (continued)

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

Freehold buildings	2% per annum
Fixtures, fittings and equipment	20% per annum

Depreciation is charged from the month of acquisition.

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 leasehold land and buildings value relates to the School site at Flitwick Road. As the site is designated for educational purposes only, the land has no open market value and hence the value in these financial statements relates to the School buildings only, which are included at a depreciated replacement cost valuation.

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 School 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.

Leased assets

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

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial instruments (continued)

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

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

Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the School 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 19, 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.

Pensions benefits (continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability 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 School at the discretion of the governors.

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

Restricted ESFA funds comprise all other grants received from the Education and Skills Funding Agency.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority, Central Bedfordshire Council.

Designated funds comprise amounts set aside to fund future capital projects.

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 areas of judgement (continued)

Critical accounting estimates and assumptions

The School 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 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability and estimating the useful economic life of tangible fixed assets for the purposes of calculating depreciation.

Notes to the financial statements Year ended 31 August 2017

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the School was subject to limits at 31 August 2017 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The School has not exceeded these limits during the year ended 31 August 2017.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Capital grants				
. Capital funding – ESFA devolved formula	—	32,485	32,485	31,737
. Capital funding – ESFA Conditional Improvement Fund grant	—	60,658	60,658	—
. Capital funding – Phase 2 Connolly Hall	—	1,062,727	1,062,727	—
Donations in kind	—	170,000	170,000	—
Other donations	20,386	—	20,386	26,412
	<u>20,386</u>	<u>1,325,870</u>	<u>1,346,256</u>	<u>58,149</u>

3 Funding for the School's educational operations

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
DfE / ESFA revenue grant				
. General Annual Grant (GAG)	—	7,628,711	7,628,711	7,513,384
. National College Grants	—	45,770	45,770	37,484
. Other ESFA grants	—	108,507	108,507	114,666
	—	<u>7,782,988</u>	<u>7,782,988</u>	<u>7,665,534</u>
Other government grants				
. Local authority grants – RSP grants	—	38,655	38,655	9,920
. Local authority grants – Pupil Focus	—	—	—	45,396
. Teacher Subject Specific Training Grant	—	—	—	37,484
. School Direct	—	45,750	45,750	55,280
. Special educational projects	—	262,052	262,052	209,164
. Bikeability	—	21,572	21,572	14,964
	—	<u>368,029</u>	<u>368,029</u>	<u>372,208</u>
	—	<u>8,151,017</u>	<u>8,151,017</u>	<u>8,000,258</u>

Notes to the financial statements Year ended 31 August 2017

4 Other trading activities

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Hire of facilities	139,727	4,165	143,892	144,571
Trip income	221,000	—	221,000	271,297
Catering income	152,167	—	152,167	154,830
Miscellaneous income	156,431	92,525	248,956	284,786
Consultancy services	89,461	—	89,461	128,569
	758,786	96,690	855,476	984,053

5 Income from investments

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Interest receivable	2,280	—	2,280	4,722

6 Expenditure

	Staff costs £	Non pay expenditure		2017 Total funds £	2016 Total funds £
		Premises £	Other costs £		
Charitable activities					
. Academy's educational operations					
.. Direct costs	6,611,007	—	812,672	7,423,679	6,910,071
.. Support costs (note 7)	894,423	476,600	1,158,331	2,529,354	2,670,516
	7,505,430	476,600	1,971,003	9,953,033	9,580,587

	2017 £	2016 £
Net income for the year includes:		
Operating leases	13,951	10,765
Fees payable to auditor		
. Statutory audit	10,100	9,850
. Non statutory audit	4,625	3,460
. Other non-audit services – current year	2,000	3,790

Notes to the financial statements Year ended 31 August 2017

7 Support costs

	2017 Total funds £	2016 Total funds £
Analysis of support costs		
Support staff costs	894,423	1,013,278
Depreciation	463,130	450,283
Technology costs	67,115	37,924
Premises costs	476,600	506,579
Other support costs	611,361	645,339
Governance costs (note 8)	16,725	17,113
Total support costs	2,529,354	2,670,516

8 Governance costs

	2017 Total funds £	2016 Total funds £
Legal and professional fees	—	13
Auditor's remuneration:		
. Audit of financial statements	10,100	9,850
. Other audits	4,625	3,460
. Other non-audit services	2,000	3,790
	16,725	17,113

Notes to the financial statements Year ended 31 August 2017

9 Comparative information

Analysis of income and expenditure in the year ended 31 August 2016 between restricted and unrestricted funds:

	Notes	Un-restricted funds £	Restricted funds		2016 Total funds £	
			ESFA £	Other £		Fixed assets fund £
Income from:						
Donations and capital grants		20,235	—	6,177	31,737	58,149
Charitable activities						
· Funding for the Academy's educational operations		—	7,628,050	372,208	—	8,000,258
Other trading activities		884,424	—	99,629	—	984,053
Investments		4,323	—	399	—	4,722
Total income		908,982	7,628,050	478,413	31,737	9,047,182
Expenditure on:						
Charitable activities						
· Academy's educational operations		833,865	7,754,863	509,839	482,020	9,580,587
Total expenditure		833,865	7,754,863	509,839	482,020	9,580,587
Net income (expenditure) for the year before transfers						
		75,117	(126,813)	(31,426)	(450,283)	(533,405)
Transfers between funds		(25,578)	(21,520)	(17,099)	64,197	—
Net income (expenditure) for the year		49,539	(148,333)	(48,525)	(386,086)	(533,405)
Other recognised losses						
Actuarial losses on defined benefit pension scheme		—	(1,003,000)	—	—	(1,003,000)
Net movement in funds		49,539	(1,151,333)	(48,525)	(386,086)	(1,536,405)
Reconciliation of funds						
Fund balances brought forward at 1 September 2015		804,581	(1,474,667)	68,659	15,000,871	14,399,444
Fund balances carried forward at 31 August 2016		854,120	(2,626,000)	20,134	14,614,785	12,863,039

Notes to the financial statements Year ended 31 August 2017

10 Staff

a) Staff costs

Staff costs during the year were:

	2017 Total funds £	2016 Total funds £
Wages and salaries	5,625,593	5,609,992
Social security costs	563,010	484,650
Pension costs	919,498	868,409
Apprenticeship levy	5,645	—
	7,113,746	6,963,051
Supply teacher costs	81,712	58,827
Staff restructuring	121,972	33,346
LGPS pension adjustment	188,000	72,000
	7,505,430	7,127,224

	2017 £	2016 £
Staff restructuring costs comprise		
Redundancy payments	91,972	—
Severance payments	30,000	33,346
	121,972	33,346

a) Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £30,000 (2016 – £33,346). This amount relates to one single payment (2016 – two payments of £8,739 and £24,607).

b) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August (on a headcount basis) was as follows:

Charitable activities	2017 No.	2016 No.
Teachers	110	111
Administration and support	81	79
Management	8	8
	199	198

10 Staff (continued)

c) Higher paid staff

The number of employees whose annualised emoluments fell within the following bands was:

	2017 No	2016 No
£60,001 - £70,000	3	1
£70,001 - £80,000	1	1
£80,001 - £90,000	1	2
£90,001 - £100,000	1	—
£150,001 - £160,000	—	1
£160,001 - £170,000	1	—

Six of the above employees participated in the Teachers' Pension Scheme. The other employee participated in the Local Government Pension scheme (LGPS).

d) Key management personnel

The key management personnel of the School comprise the governors and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the School was £833,572 (2016: £818,376). These benefits consisted of payments to 8 members of the senior leadership team and 2 staff governors (2016: 8 members of the senior leadership team and 3 staff governors).

11 Governors' remuneration and expenses

The Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments from the School in respect of their role as governors. The value of governors' remuneration and other benefits in the year ended 31 August 2017 was as follows:

	2017 £'000	2016 £'000
N Croft, Principal		
. Remuneration	160k-165k	150k-155k
. Employer's pension contributions	25k-30k	25k-30k
A Day, staff governor and assistant headteacher		
. Remuneration	60k-65k	56k-60k
. Employer's pension contributions	10k-15k	5k-10k
C Flynn, staff governor		
. Remuneration	45k-50k	45k-50k
. Employer's pension contributions	5k-10k	5k-10k
L Harrison, staff governor		
. Remuneration	—	10k-15k
. Employer's pension contributions	—	0k-5k
D Nunn, staff governor		
. Remuneration	26k-30k	26k-30k
. Employer's pension contributions	5k-10k	0k-5k

Notes to the financial statements Year ended 31 August 2017

11 Governors' remuneration and expenses (continued)

No travel and subsistence expenses were reimbursed to governors during the year ended 31 August 2017 (2016 - £nil).

Other related party transactions involving the governors are set out in note 20.

12 Governors' and Officers' insurance

In accordance with normal commercial practice the School has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2017 was £1,070 (2016 - £1,038).

13 Tangible fixed assets

	Furniture and equipment £	Leasehold land and buildings £	Computer Equipment £	Motor vehicles £	Total funds £
Cost/valuation					
At 1 September 2016	377,702	15,615,717	329,861	16,800	16,340,080
Additions	242,532	26,293	82,912	—	351,737
At 31 August 2017	620,234	15,642,010	412,773	16,800	16,691,817
Depreciation					
At 1 September 2016	157,761	1,389,977	176,997	560	1,725,295
Charge in period	77,210	312,455	70,105	3,360	463,130
At 31 August 2017	234,971	1,702,432	247,102	3,920	2,188,425
Net book value					
At 31 August 2017	385,263	13,939,578	165,671	12,880	14,503,392
At 31 August 2016	219,941	14,225,740	152,864	16,240	14,614,785

The leasehold land and buildings value above relates to the School site at Flitwick Road. As the site is designated for educational purposes only, the land has no open market value and hence the value in these financial statements relates to the School buildings only, which are included at a depreciated replacement cost valuation.

Notes to the financial statements Year ended 31 August 2017

14 Debtors

	2017 £	2016 £
Trade debtors	3,590	10,037
Prepayments and accrued income	79,300	74,878
VAT Debtor	62,677	51,753
Other debtors	—	367
	145,567	137,035

15 Creditors: amounts falling due within one year

	2017 £	2016 £
Other taxation and social security	141,653	142,484
Trade creditors	33,216	43,951
Accruals and deferred income	213,028	149,470
Other creditors	7,140	4,764
	395,037	340,669
Deferred income		
Balance at 1 September	26,752	22,916
Deferred income released in the year	(26,752)	(22,916)
Resources deferred in the year	35,717	26,752
Deferred income at 31 August	35,717	26,752

Deferred income amounting to £35,717 (2016 - £26,752) relates to deposits received from students for bus travel and trips which will take place in 2017/18.

Notes to the financial statements Year ended 31 August 2017

16 Funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
ESFA revenue grant fund					
. General Annual Grant (GAG)	—	7,628,711	(7,748,121)	119,410	—
. National College Grant		45,770	(40,770)	—	5,000
. Pupil premium	—	108,507	(108,507)	—	—
	—	7,782,988	(7,897,398)	119,410	5,000
. Pension reserve	(2,626,000)	—	(243,000)	653,000	(2,216,000)
	(2,626,000)	7,782,988	(8,140,398)	772,410	(2,211,000)
Fixed assets fund					
. ESFA capital grants	12,239	32,485	(33,000)	—	11,724
. Capital funding – Sports Partnership Grant	25,877	—	(1,000)	—	24,877
. Capital grants for 3G Pitch Phase 2 DT Block	545,906	—	(30,489)	—	515,417
. Phase 2 Connolly Hall	1,118,694	—	(30,000)	—	1,088,694
. Phase 2 Connolly Hall	—	1,062,727	(14,000)	—	1,048,727
. Capital grants from ESFA – 16-19 demographic growth grant	450,538	—	—	—	450,538
. DfE capital grants - Condition Improvement grant	—	60,658	(22,827)	—	37,831
. Capital grants from Local Authority – 16-19 demographic growth grant	2,729,286	—	(103,260)	—	2,626,026
. GAG	154,084	—	(71,128)	74,839	157,795
. School building and furniture and equipment transferred from Local Authority	9,578,161	—	(157,426)	—	9,420,735
. Donations in kind	—	170,000	—	—	170,000
	14,614,785	1,325,870	(463,130)	74,839	15,552,364
Other funds					
. Redborne Sports Partnership	—	130,205	(121,427)	—	8,778
. Other restricted funds		263,027	(263,027)	—	—
. Bikeability	—	21,572	(18,330)	—	3,242
. Schools Direct	—	45,750	(17,000)	—	28,750
. Tennis and Community Sports Partnership	20,134	4,165	—	—	24,299
	20,134	464,719	(419,784)	—	65,069
Total restricted funds	12,008,919	9,573,577	(9,023,312)	847,249	13,406,433
Unrestricted funds					
. General fund	854,120	781,452	(929,721)	(194,249)	511,602
Total unrestricted funds	854,120	781,452	(929,721)	(194,249)	511,602
Total funds	12,863,039	10,355,029	(9,953,033)	653,000	13,918,035

Notes to the financial statements Year ended 31 August 2017

16 Funds (continued)

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

ESFA revenue grant

This fund represents grants received from the ESFA for the School's operational activities and development.

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the School was subject to a limit on the amount of GAG that it could carry forward at 31 August 2017. There was no carry forward at 31 August 2017.

Fixed assets fund

This fund represents the tangible fixed assets of the School including unspent grants received to fund works of a capital nature.

Other restricted funds

These funds relate to specific income received for earmarked projects or activities.

Pension reserve

The pension reserve relates to the School's share of the Local Government Pension Scheme.

17 Analysis of net assets between funds

	Unrestricted funds £	ESFA funds £	Restricted other funds £	Restricted Fixed assets fund £	Total 2017 £
Fund balances at 31 August 2017 are represented by:					
Tangible fixed assets	—	—	—	14,503,392	14,503,392
Current assets	511,602	400,037	65,069	1,048,972	2,025,680
Current liabilities	—	(395,037)	—	—	(395,037)
Pension scheme liability	—	(2,216,000)	—	—	(2,216,000)
Total net assets	511,602	(2,211,000)	65,069	15,552,364	13,918,035

18 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.

19 Pension and similar obligations

The School'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 Bedford Borough Council. Both are multi-employer defined benefit schemes.

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

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

Teachers' Pension Scheme

Introduction

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

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

19 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme (continued)

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

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

The employer's pension costs paid to TPS in the period amounted to £685,177 (2015: £572,762).

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 (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £292,000 (2016: £264,000), of which employer's contributions totalled £219,000 (2016: £198,000) and employees' contributions totalled £73,000 (2016: £66,000). The agreed contribution rates for future years are 19.9% for employers and between 5.5% and 12.5% for employees.

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

Notes to the financial statements Year ended 31 August 2017

19 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

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

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

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	22.4	22.4
Females	24.5	24.3
<i>Retiring in 20 years</i>		
Males	24.0	24.4
Females	26.2	26.8

The impact of changes in the principal actuarial assumptions on the School's pension liability would be:

	At 31 August 2017 £'000	At 31 August 2016 £'000
Discount rate – 0.5% increase	649	648
Salary increase rate – 0.5% increase	104	194
Pension increase rate – 0.5% increase	535	437

The School's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2017 £'000	Fair value at 31 August 2016 £'000
Equities	1,663	1,996
Corporate bonds	437	259
Property	262	259
Cash and other liquid assets	554	78
Total market value of assets	2,916	2,592

19 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

The actual return on scheme assets was £78,000 (2016 - £359,000).

Amounts recognised in statement of financial activities	2017 £'000	2016 £'000
Current service cost (net of employee contributions)	407	270
Interest income	(54)	(78)
Interest cost	109	135
Total amount recognised in the SOFA	462	327

Movements in the overall deficit were as follows:	2017 £000	2016 £000
Deficit at 1 September	(2,626)	(1,494)
Current service cost	(407)	(270)
Employer's contributions	219	198
Net finance interest	(55)	(57)
Actuarial gains/(losses)	653	(1,003)
At 31 August	(2,216)	(2,626)

Changes in the present value of defined benefit obligations were as follows:	2017 £'000	2016 £'000
At 1 September	5,218	3,485
Current service cost	407	270
Interest cost	109	135
Employee contributions	73	66
Actuarial (gain)/loss	(629)	1,284
Benefits paid	(46)	(22)
At 31 August	5,132	5,218

19 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Changes in the fair value of the Academy's share of scheme assets:	2017 £000	2016 £000
At 1 September	2,592	1,991
Interest income	54	78
Actuarial gain	24	281
Employer contributions	219	178
Employee contributions	73	66
Benefits paid	(46)	(22)
At 31 August	2,916	2,572

20 Related party transactions

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

21 Capital commitments

	2017 £	2016 £
Contracted for, but not provided in the financial statements	1,040,685	—

These commitments relate to phase 2 of the Connolly Hall and includes four classrooms and a large dining area to accommodate the increase of student numbers.

22 Commitments under operating leases

Operating leases

At 31 August, the total of the School's future minimum lease payments under non-cancellable operating leases was as follows:

	2017 £	2016 £
Amounts due within one year	14,589	9,821
Amounts due between two and five years inclusive	32,002	18,690
	46,591	28,511

23 Agency arrangements

The School distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting year ended 31 August 2017, the School received £16,824 (2016: £16,664) and disbursed £14,587 (2016: £19,114) from the fund. An amount of £7,001 (2016 - £4,764) is included in other creditors relating to undistributed funds that is repayable to ESFA.