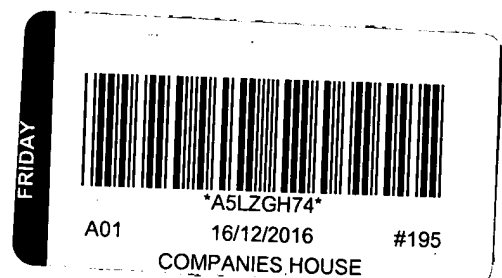


Aylesford School and Sixth Form College

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2016



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Aylesford School and Sixth Form College

Reference and Administrative Details

Governors (Trustees)

R Lyttle (Chairman)
S Hall (Headteacher and Accounting Officer)
P Booty
J Chamberlain * (Staff Governor)
S Clark (appointed 01/09/15)
D Clarke*
T Hodgson * (Staff Governor)
J Hood
S Hood (appointed 01/01/16)
G Hopley (resigned 31/12/15)
L Kenyon (resigned 31/08/16)
J Levett *
B Nobes (resigned 31/12/15)
D Savage (Staff Governor)
G Smith*
M Swallow (Responsible Officer)

* members of the Finance and Premises Committee

Members

P Booty
Steve Hall
Jane Hood
Richard Lyttle
Donna Savage
Greg Smith

Company Secretary

S Grinnell

Senior Management Team:

- Headteacher
- Deputy Headteacher
- Assistant Headteacher
- Assistant Headteacher
- Assistant Headteacher

S Hall
T Hodgson
M Payne
M McKinney
J Chamberlain

Company Name

Aylesford School and Sixth Form College

Registered Office

Tapping Way
Warwick
CV34 6XR

Company Registration Number

07848367 (England and Wales)

Independent Auditor

Moore Stephens LLP
35 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

Bankers

Lloyds Bank plc
12 Swan Street
Warwick
CV34 4BJ

Solicitors

Brown Jacobson
Victoria Square House
Birmingham
B2 4BU

Governors' Report

The Governors present their annual report together with the financial statements and auditors' report of Aylesford School Academy Trust for the period 1st September 2015 to 31st August 2016. The annual report serves the purpose of both trustees report and a directors report under company law.

Aylesford School and Sixth Form College was incorporated on 15th November 2011 and opened to students as an academy in January 2012 when the assets and activities of the former maintained school were transferred into the new legal entity.

The trust operates as an all through primary and secondary academy for pupils aged 5 to 19 serving a catchment area of West Warwick. It currently has 841 pupils on roll (school census October 2016).

The financial statements have been prepared in accordance with the accounting policies (on pages 24 to 27 of the attached financial statements), and comply with the Charitable Company's Memorandum and Articles of Association, the Companies Act 2006 and the requirements of the Accounting and Reporting by Charities: Statement of Recommended Practice as applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Ireland (FRS 102) and the Academies Financial Handbook.

Structure, Governance and Management

Constitution

Aylesford School and Sixth Form College, hereafter referred to as the Academy, is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association dated 14 November 2011 are the prime governing documents of the academy.

The Governors act as trustees for the charitable activities of the Academy and are also directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Aylesford School and Sixth Form College.

Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Governors' Indemnities

Subject to the provisions of the Companies Act 2006, every Governor or other officer or auditor of the Academy shall be indemnified out of the assets of the Academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy.

Method of Recruitment and Appointment or Election of Governors

The management of the Academy is the responsibility of the Governors who are elected and co-opted under the terms of the Academy deed. The Governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of the charity legislation.

The term of office for any Governor shall be four years, save that this time limit shall not apply to the Headteacher. Subject to remaining eligible to be a particular type of Governor any Governor may be reappointed or re-elected. The Governors who served during the year are listed on page 1.

The existing membership of the governing body complies with the memorandum and articles of association. The recruitment and appointment of new governors is determined by the category, with members appointing up to six Governors using a skills audit and parent governors being appointed by election. When a vacancy arises all reasonable and practical measures are taken to inform all eligible to vote.

Governors' Report (continued)

Policies and Procedures Adopted for the Induction and Training of Governors

The training and induction provided for new Governors will depend on their existing experience. There is a policy in place to support the induction of all new governors that enables them to undertake their role in monitoring and reviewing educational, legal and financial matters.

Organisational Structure

The Academy is set up with a management structure to support the Education Brief. The organisational structure consists of three levels: the Academy Trust Members, the Governors (Trustees) and the Senior Leadership Team.

The members of the academy trust are responsible for key decisions, have accountability and residual control, appoint new members and governing body (Trustees) and convene an AGM.

The Governors/Trustees are responsible for the business of the trust, setting general policy, adopting an annual plan and budget, monitoring its financial and operational performance and making strategic decisions about the direction of the Academy, approving major items of expenditure and making senior staff appointments.

For the period up to August 2016 the Governing Body operated a committee structure reporting into the main Governing Body. Committees include Finance and Premises Committee, Standards, Personnel and Curriculum Committee. Both Committees have approved terms of reference.

A Governor was also appointed into the Responsible Officer role with effect from January 2012.

During the year ended 31 August 2016 the full Governing Body met four times.

The Governors have approved a scheme of financial delegation which clearly sets out the level of financial authority delegated to the Headteacher and his representatives.

The Senior Leadership Team (SLT) control the Academy at an executive level, implement the policies laid down by the Governors and report back to them. The SLT is headed by the Headteacher who is the Accounting Officer. Members of the SLT are responsible for developing and implementing Academy plans which seek to deliver the best possible education for its students within the agreed budget and scheme of delegation approved by Governors. Members of the SLT are set out on page 1.

Heads of Subject make up the Academic Board and these managers contribute to the day to day operation of the academy, organising their staff, facilities and the students in their course. Heads of Subject have delegated budget management responsibilities.

Arrangements for settling pay and remuneration of key management personnel

The Headteacher's Appraisal is conducted by a panel of two Governors and an external school improvement advisor. The Headteacher appraises all other members of the Senior Leadership Team. Any recommendations on pay go to the salaries committee which according to policy is the Standards, Personnel and Curriculum Committee, which acts with full delegated powers as the responsible body in carrying out determinations of pay in accordance with the policy.

Objectives and Activities

Objects and Aims

The Academy objective is set out in its Articles of Association. In summary it is to establish, maintain, manage and develop a school offering a broad and balanced curriculum. It seeks to deliver this object through The Academy which opened to students in January 2012 on premises leased from Warwickshire County Council previously occupied by the existing school but maintained by the local authority.

In accordance with the Articles of Association the Academy has adopted a Funding Agreement approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which students are drawn, and that the curriculum should comply with the substance of the National Curriculum.

Governors' Report (continued)

Objectives, Strategies and Activities

The Academy has a vision that all children have potential and that the education it provides nurtures students and supports them in making that potential a reality.

The Academy seeks to inspire in students a passion for lifelong learning; to work in partnership with them and others so as to provide an exciting, engaging and enjoyable experience in a happy and secure environment.

We seek to ensure that Aylesford School and Sixth Form College offers a caring and supportive place for students to learn, grow and aspire combined with a safe environment that makes young people want to take pride in themselves, their House and their Academy.

The Academy's Development Plan is reviewed annually by Governors. It has established specific targets in the following areas:

- the effectiveness of leadership and management
- the quality of teaching, learning and assessment
- personal development, behaviour and welfare
- outcome for pupils

These targets are in line with the current inspection framework and form the basis for self-evaluation.

Safeguarding

The Academy recognises its commitment to students, staff, parents/carers and Governors and to the wider community based on the principle of promotion of self-respect and the respect of others. Our values centre on four principle wonder, aspiration, respect and discipline. In meeting our aims, all our actions embody our key principles and values which include:-

- Encouraging young people to develop into good citizens to aim for excellence in all they attempt, to communicate effectively, work well in teams and to enjoy life.
- Striving to make the best possible provision for all students, staff, governors and those connected with the Academy regardless of disability, ethnicity, culture, religious belief, national origin or status, gender or sexual orientation.
- Respecting diversity. We know that treating everyone equally is not simply a matter of treating everyone the same. We always seek to do our best to make reasonable adjustments for disability, recognise and celebrate cultural differences and understand the different needs and experiences of boys and girls.
- Knowing that equality is not simply about protecting the potentially vulnerable. We believe that all students may be disadvantaged by the holding of prejudicial views, and seek to promote good relationships between all groups, and positive attitudes towards disabled people, people from different ethnic or cultural groups or faith backgrounds and people of different gender or sexual orientation.
- Valuing our staff for their ability and potential to help us make the best possible provision for the students in the Academy regardless of disability, ethnicity, culture, religious belief, national origin, gender or sexual orientation.
- Being proactive in our efforts to identify and minimise existing barriers or inequalities.
- Seeking the views of all groups affected by the policies and work of our Academy and involving them in policy review where appropriate.
- Recognising our role in promoting community cohesion and actively encouraging the participation in public life of all in the Academy.

Disabled Persons

The Academy recognises its responsibilities under the Disability Discrimination Act. The general duty to promote disability equality is owed to all disabled people which means that we have due regard to:

- Promote equality of opportunity between disabled people and other people.
- Eliminate unlawful discrimination.
- Eliminate disability related harassment.
- Promote positive attitudes towards disabled people.
- Encourage participation by disabled people in public life.

Governors' Report (continued)

- Take steps to take account of disabled people's disabilities, even where that involves treating disabled people more favourably than other people.

Public Benefit

Academy Trust Governors are satisfied that the Academy complies with its duty in respect of public benefit, for example the promotion of education in general, the provision of sporting and recreational facilities and the promotion of artistic and literacy appreciation.

STRATEGIC REPORT

Achievements and Performance

2016 GCSE (Provisional)

2016 GCSE results continue to reflect a school that moves students on well from whatever their starting point. Reporting requirements have changed this year and it is difficult to make year on year comparisons but the results continue to demonstrate our ongoing commitment to examination outcomes.

The provisional Attainment 8 score was 52.8.

The provisional Progress 8 score was +0.07.

63% of students gained an A* -C grade in both English and Maths.

20% of students met the Ebacc threshold.

The Capped point score (the best 8 subjects per student) of 334 is once again strong and anticipate this to be significantly above the national average demonstrating good attainment across the curriculum.

Average point score for English was 38.2 and the English (Language/Literature) A*-C pass rate was 67%. Expected progress 73%.

Average point score for Maths was 43.5 and the Maths A*-C pass rate was 83%. Expected progress 87%.

The 5+A*-C (including English and Maths) pass rate was 60% and is now only an indicative figure and not used as a measure of school performance.

67% of students achieved the overall 5+A*-C threshold measure whilst 99.3% of students gained 5+A*-G; again both of these figures are indicative and included for illustrative purposes only.

2016 A Level (Provisional)

Attainment: the overall pass rate at A Level was 99.2% with 74% of exams resulting in an A*-C grade and 45% achieving A*/B's. Individual point score per entry was 208 reflecting a grade C result on average per entry.

Progress: +0.06. Students enter Sixth Form and make expected progress in line with their prior achievements.

Key Performance Indicators

Academic Performance Indicators

The school remains a 'good' school according to OFSTED. Results remain at or above national across a range of exam performance indicators.

It continues to grow in terms of real student numbers and anticipated student numbers in the next 3 years.

Attendance data demonstrate a good level of attendance across the school (95.2%) and exclusions both fixed term and permanent remain well below national.

Governors' Report (continued)

Positive destinations for both Year 11 and Year 13 are high and NEET numbers are very low.

Financial Performance Indicators

Reference has been made to academic performance indicators, in addition governors also measure financial key performance indicators during the year to monitor and assess financial position.

Staff costs as a % of total income:

A target of 78% is nominally set although allowance must be made for maintaining operational staffing levels during periods of reduced revenue income.

The staffing costs as a % of total income saw a rise from 75% in 14/15 to 83% in 15/16. This is indeed a reflection of reduced student numbers. The lagged effect of student number on revenue income is set to continue until the 17/18 budget when the trend will begin to reverse. Governors are comfortable that reserves held by the academy are sufficient to be used in part to maintain an effective staffing level during this period.

Monitoring of revenue and capital management accounts with close scrutiny on variance of expenditure against budget set:

The governors have reviewed detailed capital and revenue year end expenditure reports for 15/16 compared to budget set and are comfortable with the expenditure levels and processes in place for controlling and monitoring.

Unrestricted income from facility lettings to at least meet if not exceed target budget set:

In 2015/16 unrestricted income from facility lettings was £69,000 against a budget set of £75,000. This small variance is largely due to the contract end and non-renewal of one weekend hirer. The academy facility lettings team are now proactively marketing this weekend slot.

Going Concern

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

Financial Review

Overview

The governors have reviewed the financial performance and position of the Academy during the period September 15 to August 16 and are satisfied that the key principles of performance and financial planning have been upheld namely to ensure that high standards are maintained within a framework of a budget that is sustainable.

Key principles specifically identified in terms of financial planning during the year include:-

- Maintaining a sharp focus on standards in the following areas:-

- the effectiveness of leadership and management
- the quality of teaching, learning and assessment
- personal development, behaviour and welfare
- outcomes for pupils

- Planning for the long term

- Investing for quality and efficiency

- Developing a proactive response to funding challenges

Governors' Report (continued)

Key financial policies reviewed and adopted this year include Financial Responsibilities and Schemes of Delegation which establishes the framework for financial management, including the key financial responsibilities of the Governors, its committees and the key officers of the academy, as well as delegated authority for spending decisions. Other policies include Procurement Policy, Asset Capitalisation and Depreciation Policy, Anti-Corruption Policy, Reserves and Investment Policy, Charges and Remissions Policy. We have also conducted an annual review of the Financial Procedures Handbook.

These financial statements reflect the fifth period of operational activity for the Academy.

Most of the School's income is obtained from the DfE via the EFA in the form of its General Annual Grant (GAG), the use of which is restricted to particular purposes i.e. the objects of the Academy Trust. The GAG received during the period covered by this report and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. The total GAG income for the period 15/16 was £3,778,000.

The Academy also received a Devolved Formula Capital Grant from the EFA to the value of £21,000. This was to provide fixed assets during the period covered by this report.

A further Capital Grant was received as a donation from King Henry VIII Trust to the value of £14,000. This was used specifically for the purpose of a capital project to commission the building of a caretaker's store/delivery bay which has significantly reduced the lag time between point of delivery and distribution to the end user.

In accordance with the Charities SORP 2015 the total restricted fixed asset funds received for 2015/16 were £1,101,000.

Expenditure covered by this report totalled £5,231,000 and is detailed in the Statement of Financial Activities.

Budgetary challenges in the form of reduced revenue income through falling rolls together with additional on cost demands on staff expenditure (NI increases and pension contribution increases) have been met with a cautious and three year budget plan.

For the year 15/16 the Governors set a balanced budget using reserves to the value of £143,000. During the period September 2015 to August 2016 the Academy sought to manage the budget set but effectively respond to in year demands such as teaching and learning intervention and reactive site management requirements.

The period September 2015 to August 2016 saw the completion of the final phase of the Academy's new Primary School and also a full year of operation. Many projects utilising the funds transcended from financial year 14/15 to financial year 15/16 and have affected carry forward balances into 15/16. Much of these balances have been expended during the first year of the Primary School with a much reduced carry forward balance to take into 16/17.

The Academy Trust's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Academy Trust's share of the scheme's assets is currently assessed to be less than its share of the scheme's liabilities. Under Accounting Standard FRS 102 it is necessary to charge projected deficits to a reserve. As at 31st August 2016 the deficit on this reserve amounted to £1,817,000. It should be noted, however, that this does not present the Academy with a currently liquidity problem. The contribution rate to reduce the liability is calculated by an independent actuary and continues to increase.

Reserves Policy

The Governing Body reviews the reserve levels of the Academy annually at the year-end and as a part of its medium term budget planning. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. Governors determine what the level of uncommitted reserves should be. The aim is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Reserves are also held to 'smooth out' any year by year variation in student numbers so as to secure a stable and committed staff body.

Governors' Report (continued)

As at 31st August 2016, the Academy held total restricted general reserves of £122,000 and an unrestricted general reserve of £869,000. The total reserve of £991,000 is 22.2% of the annual expenditure budget set for 16/17 and falls within the terms of the Academy's reserves policy.

As part of its monitoring of in year financial performances the Governing Body reviews the forecast impact on reserves as part of its in year and medium term financial planning. Governors were assured that during 15/16 the forecasted level of restricted and unrestricted reserve would remain at a sufficiently healthy level to balance further anticipated budget shortfalls in 16/17 and 17/18. These shortfalls are due to the lagged effect of falling student numbers and also the 15/16 budget seeing the full impact of rising staffing on costs for pension contributions and national insurance contributions.

In addition the Academy held £18,068,000 restricted fixed asset funds as at 31st August 2016. The fixed asset fund reflects both the funding received for capital investment purposes and the depreciated costs of assets.

Investment Policy

The Governing Body has reviewed and approved an Investment and Reserves Policy which authorises the investment of any cash flow surpluses for a limited period in order to generate a higher return on any cash balances. However, in balancing risk against return the Academy policy is clearly geared towards avoiding risk than to maximising return.

Principle Risks and Uncertainties

The Academy has implemented a Risk Management Policy. It has established a risk register which is reviewed and updated annually by the Finance and Premises committee. Particular attention is paid to those areas considered to be high risk/high impact and measures of control and mitigation are put in place to manage these.

Such areas considered include risks associated with fraud, compliance, damage to reputation and failure to maintain academic standards.

The principle risk to funding is falling student rolls. The Academy Trust activities expose it primarily to cash flow risk. The Governing Body continually monitors cash flow to ensure the Academy Trust has sufficient funds available to meet debts as they fall due. The Governing Body maintains significant cash reserves at all times.

The Governing Body acknowledges the defined benefit pension scheme deficit which is set out at Note 24 to the annual report. It considers that the Academy Trust is able to meet its known contribution commitments for the foreseeable future.

Plans for Future Periods

Key aims and objectives are outlined in the School development Plan Strategic priorities area:-

Development Plan 2016-2018

School Vision:	'From potential to reality'
School Values:	Wonder, Aspiration, Respect, Discipline
School Mission:	To inspire in students a passion for lifelong learning; to work in partnership with them and others so as to provide an exciting, engaging and enjoyable experience in a happy and secure environment.

Governors' Report (continued)

STRATEGIC PRIORITIES: Headteacher and School Leadership

- Standards:**
- Ensure attainment in **all** subjects is at least in line with to the national average or above
 - Ensure progress across all groups of students is consistently high
 - Develop in English, Science and Food Technology specifically to ensure sustained progress for **all** groups and classes
 - Consolidate the improvements in Science. Drive up the numbers and percentages gaining two Science GCSE at A*-C or equivalent
 - Ensure that in all subjects and all student groups achieve at least expected progress
 - Maintain high levels of attendance overall and improve attendance for disadvantaged children
 - Close the attainment gap for disadvantaged groups
- Teaching and Learning:**
- 'Improve the quality of teaching so that more of it is outstanding.' OFSTED 2012
 - Secure consistent teaching and learning in English, Science and Food Technology specifically
 - Develop good and outstanding lessons across the school through effective training and development
 - Plan a meaningful and relevant C|PD programme to support the delivery of consistently high levels of teaching in an ethos and culture of high expectations with particular emphasis on disadvantaged students
 - Support high quality planning, teaching, assessment and marking of classwork/homework and feedback
 - Continue to work in partnership with other schools to improve teaching and learning
- Curriculum:**
- Stabilise and develop staffing in English to ensure good outcomes for students
 - Develop the English and Maths curriculum time and 1to1/small group provision for identified students in KS3 and through into KS4 to improve literacy/numeracy
 - Promote the on-going development and security of knowledge and understanding of subject curriculum changes
 - Ensure careers education supports student learning and destinations

Auditor

In so far as the Governors are aware:

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

Moore Stephens LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Governors report incorporating a strategic report, approved by order of the members of the Governing Body on 5th December 2016 and signed for and on their behalf by:



R Lyttle
Chair of Governors

Governance Statement

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Aylesford School and Sixth Form 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 Board of Governors has delegated the day to day responsibility to the Headteacher, as the Accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements assigned to it in the Funding Agreement between Aylesford School and Sixth Form College and the Secretary of State for Education. The Headteacher 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 four times during the period. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
R Lytle (Chairman)	4	4
M Swallow (Responsible Officer)	2	4
S Hall (Principal and Accounting Officer)	4	4
P Booty	3	4
J Chamberlain	4	4
T Hodgson	4	4
J Hood	2	4
S Hood (appointed 01.01.16)	0	2
G Hopley (resigned 31.12.15)	0	2
L Kenyon (resigned 31.08.16)	2	4
J Levett	4	4
B Nobes (resigned 31.12.15)	2	2
D Savage (Staff Governor)	4	4
D Clarke	4	4
G Smith	4	4
Sue Clark (appointed 01.09.15)	4	4

Governance review and key changes

Governance review is undertaken on an annual basis in September and this done during the first meeting of the academic year. Areas of focus are determined and governor strengths are considered in allocating responsibility for development.

Governors took a keen monitoring role in Science and Technology as well as Primary development during 2015-16. The next review will be September 2016.

Governance Statement (continued)

The **Finance and Premises Committee** is a sub-committee of the main governing body. Its purpose is identified in its terms of reference.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
J Chamberlain	5	5
S Hall (Principal and Accounting Officer)	5	5
T Hodgson	5	5
L Kenyon (resigned 31.08.16)	3	5
J Levett	5	5
D Clarke (Chair)	4	5
G Smith	4	5
S Hood (appointed 01.01.16)		

The Audit Committee only met once during 15/16. During this meeting it was decided that the committee would be disbanded and the terms of reference to be transferred to the Finance and premises sub committee.

Governor	Meetings attended	Out of a possible
R Lytle	1	1
D Clarke	1	1
M Swallow (Responsible Officer)	0	1
P Booty	1	1

Review of Value for Money

As accounting officer the (Headteacher) has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available.

The accounting officer continues to review and look for further opportunity to deliver value for money.

In the year 15/16 this can be exemplified by: overall examination outcomes, parental perception questionnaires where over 90% expressed satisfaction, high levels of attendance and positive destination measures.

Better Purchasing

The Academy proactively challenges and evaluates all contracts both within the contract period and upon renewal. Contracts reviewed and renewed for better value during 15/16 were our franking machine operating lease, photocopiers and drinking water dispensers.

The Academy continues with its procurement policy of obtaining better value through quotation with all purchases over £2,000 requiring three quotes, although very often multiple quotations are obtained for lesser value purchases.

The Academy has been successful in obtaining a grant from King Henry VIII trust to build a much needed caretakers store/delivery bay which has hugely improved the efficiency of site stock/equipment control and the speed of moving newly purchased learning resources into classrooms.

Governance Statement (continued)

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

The Board of Governors through the Finance and Premises Sub-Committee has reviewed the key risks to which Aylesford 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 a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place from the School's conversion to Academy Status on 1 January 2012 for the remainder of the period ended 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

The Risk and Control Framework

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

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

The Board of Governors has considered the need for a specific internal audit function and has decided to monitor and annually review the Internal Financial Control checklist and Risk Register by the Finance and Premises Sub-Committee and not to appoint an internal auditor. However, the trustees have appointed Mr Mike Swallow, a trustee, as Responsible Officer (RO).

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

In 2015/2016 the RO has delivered his schedule of work as planned and there were no material control issues arising. Checks carried out during the period 15/16 were:-

- review of school fund processes and cash handling
- review of procurement and contracts

Review of Effectiveness

As accounting officer, (the Headteacher) has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the Responsible Officer
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the Senior Leadership Team within the academy trust who have responsibility for the development and maintenance of the internal control framework
- the reviewing and monitoring role of the Finance and Premises committee

Governance Statement (continued)

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

Approved by order of the members of the governing body on 5th December 2016 and signed on its behalf by: -



R Lyttle
Chair of Governors



S Hall
Accounting Officer

Statement on Regularity, Propriety and Compliance

As accounting officer of Aylesford School and Sixth Form College I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



S Hall
Accounting Officer

5th December 2016

Statement of Governors' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in operation

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

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

In so far as the governors are aware:

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

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

Approved by order of the members of the governing body on 1st December 2016 and signed on its behalf by:



R. Lytle
Chair of Governors
5th December 2016

Independent Auditor's Report to the Members of Aylesford School and Sixth Form College

We have audited the financial statements of Aylesford School and Sixth Form College for the year ended 31 August 2016 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable School'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 School's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable School and its members, as a body for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Governors and auditors

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

**Independent Auditor's Report to the Members of Aylesford School and Sixth Form College
(continued)**

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



NICHOLAS SIMKINS (Senior Statutory Auditor)
for and on behalf of MOORE STEPHENS LLP (Statutory Auditor)
Chartered Accountants and Statutory Auditor
Birmingham

Date:

5/12/16

Independent Reporting Accountant's Assurance Report on Regularity to Aylesford School and Sixth Form College and the Education Funding Agency

In accordance with the terms of our engagement letter dated 23 June 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Aylesford School and Sixth Form College during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Aylesford School and Sixth Form College's Accounting Officer and the Reporting Accountant

The accounting officer is responsible, under the requirements of Aylesford School and Sixth Form College's funding agreement with the Secretary of State for Education dated 21 December 2011 and the Academies financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

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

We have undertaken testing as appropriate in accordance with the Academies Accounts Direction 2015 to 2016. This includes an evaluation of the control environment of the school, enquiry, analytical review and substantive testing.


Independent Reporting Accountant's Assurance Report on Regularity to Aylesford School and Sixth Form College and the Education Funding Agency (continued)

Our procedures included, but not limited to the following:

- Reviewing minutes of meetings, management accounts and made enquiries of management;
- Performing sample testing of expenditure ensuring items are for the School's purposes and are appropriately authorised;
- Sample testing on credit card expenditure, review for any indication of purchase for personal use by staff, Head or Governors;
- Reviewing the procedures for identifying and declaring related parties and other business interests;
- Scrutinising journals, and other adjustments posted during the year for evidence of unusual entries and made further enquiries into any such items where relevant;
- Taking a selection of nominal ledger accounts for evidence of unusual entries and made further enquiries into any such items where relevant;
- Performing an evaluation of the general control environment of the School;
- Reviewing nominal ledger accounts for any large or unusual entries and obtaining supporting documentation.

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 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Moore Stephens LLP
Chartered Accountants
Birmingham

Date:

5/12/16

Statement of Financial Activities for the year ended 31 August 2016
(including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000	Total 2015 £000
Income and endowments from:						
Donations and capital grants	2	-	46	1,080	1,126	1,673
<i>Charitable activities:</i>						
Funding for the academy trust's educational operations	3	-	4,067	21	4,088	4,298
Other trading activities	4	117	155	-	272	205
Investments	5	10	-	-	10	9
Total		127	4,268	1,101	5,496	6,185
Expenditure on:						
Raising funds	6	35	181	-	216	110
<i>Charitable activities:</i>						
Academy trust's educational operations	7	-	4,555	460	5,015	4,683
Total		35	4,736	460	5,231	4,793
Net income / (expenditure)		92	(468)	641	265	1,392
Transfers between funds	16	-	(94)	94	-	-
		92	(562)	735	265	1,392
Other recognised gains / (losses)						
Actuarial gains / (losses) on defined benefit pension schemes	24	-	(696)	-	(696)	(41)
Net movement in funds		92	(1,258)	735	(431)	1,351
Reconciliation of funds						
Total funds brought forward		777	(437)	17,333	17,673	16,322
Total funds carried forward at 31 August 2016	16	869	(1,695)	18,068	17,242	17,673

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

Statement of Financial Activities for the year ended 31 August 2015

(including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000
Income and endowments from:					
Donations and capital grants	2	-	53	1,620	1,673
<i>Charitable activities:</i>					
Funding for the academy trust's educational operations	3	-	4,154	144	4,298
Other trading activities	4	109	96	-	205
Investments	5	9	-	-	9
Total		118	4,303	1,764	6,185
Expenditure on:					
Raising funds	6	24	86	-	110
<i>Charitable activities:</i>					
Academy trust's educational operations	7	-	4,291	392	4,683
Total		24	4,377	392	4,793
Net income / (expenditure)		94	(74)	1,372	1,392
Transfers between funds	16	-	-	-	-
Other recognised gains / (losses)					
Actuarial gains / (losses) on defined benefit pension schemes	24	-	(41)	-	(41)
Net movement in funds		94	(115)	1,372	1,351
Reconciliation of funds					
Total funds brought forward		683	(322)	15,961	16,322
Total funds carried forward at 31 August 2015	16	777	(437)	17,333	17,673

Balance sheet as at 31 August 2016

Company Number 07848367

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Tangible assets	12		18,044		17,288
Current assets					
Stock	13	34		35	
Debtors	14	120		133	
Cash at bank and in hand		1,001		1,427	
		1,155		1,595	
Liabilities					
Creditors: Amounts falling due within one year	15	(140)		(161)	
Net current assets			1,015		1,434
Total assets less current liabilities			19,059		18,722
Net assets excluding pension liability					
Pension scheme liability	24		(1,817)		(1,049)
Net assets including pension liability			17,242		17,673
Funds of the academy:					
Restricted income funds					
Fixed asset funds	16		18,068		17,333
General funds	16		122		612
Pension reserve	16		(1,817)		(1,049)
Total restricted funds			16,373		16,896
Unrestricted income funds	16		869		777
Total funds			17,242		17,673

The financial statements on pages 20 to 38 were approved by the governors, and authorised for issue on 5th December 2016 and are signed on their behalf by:


R Lyttle
Chair of Governors

Statement of Cash Flows for the year ended 31 August 2016

	Notes	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	20	(321)	121
Cash flows from investing activities	21	(105)	54
Change in cash and cash equivalents in the reporting period		(426)	175
Cash and cash equivalents at 1 September 2015		1,427	1,252
Cash and cash equivalents at 31 August 2016	22	1,001	1,427

Notes to the Financial Statements for the year ended 31 August 2016

1. Statement of Accounting Policies

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

Basis of Preparation

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

Aylesford School and Sixth Form 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 the issue of the financial statements and have concluded that the academy trust has adequate resources to continue in the operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

- **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the 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 balance in the restricted fixed asset fund.

- **Donations**

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

- **Other income**

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

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

Resources Expended

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

- **Expenditure on Raising Funds**
This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.
- **Charitable activities**
These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Long leasehold buildings	2% per annum
Long leasehold land	0.8% per annum (over the life of the lease)
Fixtures, fittings and equipment	20% per annum
ICT equipment	33.3% per annum
Motor Vehicles	20% per annum

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.

Liabilities

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

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

Leased Assets

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

Stock

Unsold uniforms are valued at the lower of cost or net realisable value

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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 academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the governors.

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

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

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

2 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Donated assets	-	1,080	1,080	1,620
Other donations	-	46	46	53
	-	1,126	1,126	1,673

3 Funding for academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
DfE / EFA revenue grants				
General Annual Grant (GAG)	-	3,778	3,778	3,780
Other DfE / EFA grants	-	233	233	379
	-	4,011	4,011	4,159
Other Government grants				
Local authority grants	-	77	77	139
Special educational projects	-	-	-	-
	-	77	77	139
		4,088	4,088	4,298

4 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Hire of facilities	69	-	69	82
Uniform sales	40	-	40	27
Trips income	-	124	124	69
Music tuition	-	16	16	19
Departmental activities	8	15	23	8
	117	155	272	205

5 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Short term deposits	10	-	10	9
	10	-	10	9

6 Expenditure

	Staff Costs £000	Non Pay Expenditure		Total 2016 £000	Total 2015 £000
		Premises £000	Other £000		
Expenditure on raising funds	22	1	193	216	110
Academy's educational operations:					
Direct costs	2,851	430	354	3,635	3,592
Allocated support costs	793	397	190	1,380	1,091
	3,666	828	737	5,231	4,793

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

6 Expenditure (continued)

Net income/(expenditure) for the period include:	2016 £000	2015 £000
Operating lease rentals	5	5
Depreciation	460	392
Fees payable to auditor for - audit	10	9
- other services	3	2

7 Charitable Activities

	2016 £000	2015 £000
Direct costs – educational operations	3,635	3,592
Support costs – educational operations	1,380	1,091
	<u>5,015</u>	<u>4,683</u>

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Analysis of support costs				
Support staff costs	-	779	779	481
Depreciation	-	29	29	26
Premises costs	-	369	369	420
Other support costs	-	173	173	103
Governance costs	-	30	30	61
	-	<u>1,380</u>	<u>1,380</u>	<u>1,091</u>

Notes to the Financial Statements for the year ended 31 August 2016 (continued)
8 Governance costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Legal and professional fees	-	3	16	40
Auditor's remuneration	-	10	10	9
• Audit of financial statements	-	3	3	2
• Accountancy, taxation and other services	-	14	14	10
Support staff costs	-	-	-	-
Governors' reimbursed expenses	-	-	-	-
	-	30	30	61

9 Staff costs

Staff costs during the period were:

	2016 £000	2015 £000
Wages and salaries	2,735	2,701
Social security costs	224	197
Pension costs	549	476
	3,508	3,374
Supply staff costs	158	51
Compensation payments	-	-
	3,666	3,425

The average number of persons (including senior management team) employed by the academy during the year was as follows:

	2016 No.	2015 No.
Teachers	61	60
Administration and support	51	49
Management	5	5
	117	114

The average number of persons (including senior management team) employed by the academy during the year expressed as full time equivalents was as follows:

	2016 No.	2015 No.
Teachers	45	47
Administration and support	34	32
Management	5	5
	84	84

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

	2016 No.	2015 No.
£60,001 - £70,000	3	3
£70,001 - £80,000	1	1
£90,001 - £100,000	-	-
£100,001 - £110,000	1	1
	5	5

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

The key management personnel of the academy trust comprise the governors and the senior management team listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £416,969 (2015: £409,326).

10 Governors' remuneration and expenses

One or more trustee has been paid remuneration or has received other benefits from an employment with the academy trust. The principle and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of head teacher and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows:

S Hall (Head teacher and Governor):		
Remuneration	£105k - £110k	(2015: £100k - £105k)
Employer's pension contributions	£10k - £15k	(2015: £10k - £15k)
J Chamberlain (Staff Governor):		
Remuneration	£60k - £65k	(2015: £60k - £65k)
Employer's pension contributions	£5k - £10k	(2015: £5k - £10k)
T Hodgson (Staff Governor):		
Remuneration	£70k - £75k	(2015: £70k - £75k)
Employer's pension contributions	£5k - £10k	(2015: £5k - £10k)
D Savage (Staff Governor):		
Remuneration	£15k - £20k	(2015: £15 - £20k)
Employer's pension contributions	£nil - £5k	(2015: £nil - £5k)

During the period ending 31 August 2016 there were no reimbursed travel and subsistence expenses paid to trustees.

Further details regarding related party transactions involving the trustees are set out in note 25.

11 Governors' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2016 was £952 (2015: £924). The cost of this insurance is included in the total insurance cost.

12 Tangible Fixed Assets

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
Cost					
At 1 September 2015	18,056	304	282	45	18,687
Additions	1,116	34	66	-	1,216
Disposals	-	-	-	(2)	(2)
At 31 August 2016	19,172	338	348	43	19,901
Depreciation					
At 1 September 2015	981	167	223	28	1,399
Charged in period	328	66	57	9	460
Disposals	-	-	-	(2)	(2)
At 31 August 2016	1,309	233	280	35	1,857
Net book values					
At 31 August 2016	17,863	105	68	8	18,044
At 31 August 2015	17,075	137	58	17	17,288

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

13 Stock

	2016 £000	2015 £000
Uniform stock	34	35
	<u>34</u>	<u>35</u>

14 Debtors

	2016 £000	2015 £000
Trade debtors	2	4
Other debtors	21	13
Prepayments and accrued income	97	116
	<u>120</u>	<u>133</u>

15 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	14	29
Accruals and deferred income	126	132
	<u>140</u>	<u>161</u>

	2016 £000	2015 £000
Deferred Income at 1 September 2015	69	30
Resources deferred in the period	55	69
Amounts released from previous years	(69)	(30)
Deferred Income at 31 August 2016	<u>55</u>	<u>69</u>

At the balance sheet date the academy trust was holding funds received in advance for music tuition and school trips relating to the Autumn Term 2016. Also, rates relief and DFC grants relating to 2016/2017 were received in advance.

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

16 Funds

	Balance at 1 September 2015 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2016 £000
Restricted general funds					
General Annual Grant (GAG)	539	3,778	(4,161)	(69)	87
Other DfE/EFA grants	-	212	(212)	-	-
School Trips	73	138	(151)	(25)	35
Pension reserve	(1,049)	-	(72)	(696)	(1,817)
Other Restricted Funds	-	140	(140)	-	-
	(437)	4,268	(4,736)	(790)	(1,695)
Restricted fixed asset funds					
DfE/EFA capital grants	335	21	(118)	-	238
Transfer on Conversion	16,930	1,080	(319)	-	17,691
Capital expenditure from GAG	68	-	(23)	94	139
	17,333	1,101	(460)	94	18,068
Total restricted funds	16,896	5,369	(5,196)	(696)	16,373
Total unrestricted funds	777	127	(35)	-	869
Total funds	17,673	5,496	(5,231)	(696)	17,242

The General Annual Grant (GAG) has been provided by the DfE in order to fund the normal running costs of the Academy. During the period, the Academy's GAG income exceeded GAG expenditure and the balance will be carried forward to apply in future years and enable the establishment of a minimum prudent level of reserves to manage risks and unforeseen costs. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Other DfE/EFA grants include further grants received from the DfE/EFA including pupil premium, insurance grants and 16-19 Bursary income. All of the income received was fully expensed during the period.

School trips represent the income and expenditure in relation to school trips that have been operated during the period. The balance at the period end represents the balance held for trips which are still to take place along with any remaining surplus which is to be used for future private fund purposes.

The restricted Pension reserve represents the deficit on the Academy's share of the Local Government Pension Scheme as at 31 August 2016.

Other restricted funds include donations from local organisations along with special needs income from the local authority. All of the income received was fully expensed during the period.

Restricted fixed asset funds include the tangible fixed assets which were transferred from the local authority upon conversion to an Academy. They also include devolved formula capital grants provided by the local authority.

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

17 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Tangible fixed assets	-	-	18,044	18,044
Current assets	869	262	24	1,155
Current liabilities		(140)	-	(140)
Pension scheme liability		(1,817)		(1,817)
Total net assets	869	(1,695)	18,068	17,242

18 Capital commitments

	2016 £000	2015 £000
Contracted for, but not provided in the financial statements	-	-
	-	-

19 Financial commitments

Operating leases

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

	2016 £000	2015 £000
Amounts due within one year	3	5
Amounts due between one and five years	1	3
Amounts due after five years	-	-
	4	8

	2016 £000	2015 £000
20 Reconciliation of net income to net cash inflow from operating activities		
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	265	1,392
Adjusted for:		
Depreciation (note 12)	460	392
Capital grants from DfE and other capital income	(21)	(144)
Interest receivable (note 5)	(10)	(9)
FRS 102 pension cost less contributions payable (note 24)	33	45
FRS 102 pension finance costs (note 24)	39	15
Donated assets	(1,080)	(1,620)
Decrease/(increase) in debtors	13	(11)
Decrease/(increase) in stock	1	(6)
(Increase)/Decrease in creditors	(21)	67
Net cash provided by / (used in) Operating Activities	(321)	121

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

	2016 £000	2015 £000
21 Cash flows from investing activities		
Dividends, interest and rents from investments	10	9
Purchase of tangible fixed assets	(1,216)	(1,719)
Donated assets	1,080	1,620
Capital grants from DfE/EFA	21	144
Net cash provided by / (used in) investing activities	(105)	54
22 Analysis of cash and cash equivalents	2016 £000	2015 £000
Cash in hand and at bank	1,001	1,427
Total cash and cash equivalent	1,001	1,427

23 Members' Liability

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

24 Pension and similar obligations

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

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

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

Teachers' Pension Scheme

Introduction

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

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

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

24 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £344k (2015: £292k).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £160,000 (2015: £157,000), of which employer's contributions totalled £129,000 (2015: £124,000) and employees' contributions totalled £31,000 (2015: £33,000). The agreed contribution rates for future years are 19.8 per cent for employers and a range of 5.5 per cent to 7.5 per cent depending on full-time equivalent salary 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 for the year ended 31 August 2016 (continued)

24 Pension and similar obligations (continued)

Principal Actuarial Assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	4.1%	4.5%
Rate of increase for pensions in payment / inflation	2.1%	2.6%
Discount rate for scheme liabilities	2.0%	3.7%

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 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.4 years	22.4 years
Females	24.4 years	24.4 years
<i>Retiring in 20 years</i>		
Males	24.3 years	24.3 years
Females	26.6 years	26.6 years

The academy trust's share of the assets in the scheme and were:

	Fair values at 31 August 2016 £000	Fair values at 31 August 2015 £000
Equities	1,067	797
Bonds	377	286
Property	181	149
Cash	16	12
Total market value of assets	1,641	1,244

The actual return on scheme assets was £247,000 (2015: £45,000).

Amounts recognised in the statement of financial activities

	2016 £000	2015 £000
Current service cost (net of employer contributions)	33	45
Net interest cost	39	15
Total operating charge	72	60

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

24 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2016 £000	2015 £000
At 1 September 2015	2,293	2,017
Current service cost	162	169
Interest cost	88	78
Employee contributions	31	33
Actuarial loss	894	23
Estimated benefits paid	(10)	(27)
At 31 August 2016	3,458	2,293

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

	2016 £000	2015 £000
At 1 September 2015	1,244	1,069
Interest income on plan assets	49	63
Actuarial (loss)/gain	198	(18)
Employer contributions	129	124
Employee contributions	31	33
Estimated benefits paid	(10)	(27)
At 31 August 2016	1,641	1,244

25 Related Party Transactions

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is not unusual 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 academy's financial regulations and normal procurement procedures.

No related party transactions took place in the period of accounts, other than certain trustee's remuneration and expenses already disclosed in note 10.

26 First time adoption of FRS 102

These financial statements are the first financial statements of Aylesford School and Sixth Form College prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP (SORP 2015). The financial statements of Aylesford School and Sixth Form College for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005. The date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014.

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not had a material impact on the Statement of Financial Activities or Balance Sheet.