

**ST MARGARET'S ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2016**

**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

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**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**Members and Trustees**

Mr M Key<sup>2,3</sup>  
Miss C Reader<sup>2</sup>  
Mrs L Phillips<sup>1</sup>

**Trustees**

Mr J Dickson<sup>2,3</sup>  
Mrs H Gowers (resigned 25 November 2015)<sup>1</sup>  
Mr R Hill<sup>2,3</sup>  
Mrs B McPhail<sup>2,3</sup>  
Mrs S Pike, Staff Governor<sup>1,2,3</sup>  
Mrs S Stell, Head Teacher<sup>1,2,3</sup>  
Mrs J Stoneman, Staff Governor (resigned 30 June 2016)<sup>1</sup>  
Mrs N Turner, Staff Governor<sup>1</sup>  
Mr J Cree (appointed 16 December 2015)<sup>1</sup>

- <sup>1</sup> Environmental/Curriculum committee
- <sup>2</sup> Staffing committee
- <sup>3</sup> Finance committee

**Company registered  
number**

07566505

**Company name**

St Margaret's Academy

**Principal and Registered  
office**

St Margaret's Academy  
Barewell Road  
Torquay  
Devon  
TQ1 4PA

**Company secretary**

Mrs N Rogers

**Accounting officer**

Mrs S Stell

**Senior management  
team**

Mrs S Stell, Headteacher  
Mrs S Pike, Deputy Headteacher  
Mr J Shelling, Assistant Headteacher (resigned 31 October 2015)  
Miss C Wooldridge, Assistant Headteacher  
Mrs N Turner, Assistant Headteacher  
Mrs V Rourke, Head of Foundation Stage  
Mrs N Rogers, School Business Manager

**Independent auditors**

Bishop Fleming LLP  
Chartered Accountants  
Statutory Auditors  
50 The Terrace  
Torquay  
Devon  
TQ1 1DD

**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**Advisers (continued)**

**Bankers**

Lloyds Bank plc  
2 Palace Avenue  
Paignton  
Devon  
TQ3 3ER

Nationwide Building Society  
PO Box 3  
5-11 Se Georges Street  
Douglas  
Isle of Man  
IM86 1BR

**Solicitors**

Kitsons  
Minerva House  
Orchard Way  
Edginswell Park  
Torquay  
Devon  
TQ2 7FA

**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2016**

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The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 4 to 11 in Torquay. It has a pupil capacity of 420 and had a roll of 412 in the school census on 1 January 2016.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

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

The Trustees of St Margaret's Academy are also the directors of the charitable company for the purposes of company law. The charitable company is known as St Margaret's Academy.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

**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 they ceased to be a member.

**Trustees' Indemnities**

Trustees benefit from indemnity insurance purchased at the academy's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the academy, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the academy. The limit of this indemnity is £10 million.

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 £2 million on any one claim.

**TRUSTEES**

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

On 1 April 2011 the Trustees appointed all those Trustees that served the predecessor school to be Trustees of the newly formed Academy. These Trustees were appointed for a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

The Academy's Board of Trustees comprises the Headteacher, a minimum of 2 Parent Trustees, 2 Staff Trustees (providing that the total number of Trustees, including the Headteacher, who are employees of the Academy Trust, does not exceed one third of the total number of Trustees) and up to 6 other Trustees.

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

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

The Academy has a Trustee Recruitment, Induction and Training policy available from the Clerk to the Trustees.

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

**Organisational Structure**

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for approval. It monitors the activities of the Committees through the minutes and reports of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 2 committees as follows;

**Resources Committee (Finance & Staffing Sub-committees)** - this meets at least three times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee.

**Curriculum & Environment Committee** - this meets once a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.

The following decisions are reserved to the Board of Trustees; to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Trustees, to approve the Annual Development Plan and budget.

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

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Headteacher and Senior Leadership Team (SLT). The SLT comprises the Headteacher, Deputy Headteacher, three Assistant Headteachers, the Academy Business Manager and the Foundation Stage Leader. The SLT implement the policies laid down by the Trustees and report back to them on performance.

The Academy has a leadership structure which consists of the Trustees and the Senior Leadership Team. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Headteacher, Academy Business Manager and Resources Committee are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Headteacher is responsible for the appointment of staff, though appointment panels for teaching posts always include a Governor.

The Head Teacher is the Accounting Officer.

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

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

The Trustees have overall responsibility of the Academy but the Senior Leadership Team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year for their role as a Trustee.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of key management personnel is reviewed annually and normally increased in accordance with average earnings.

The Trustees benchmark against pay levels in other Academies of a similar size. The benchmark is the mid-point of the range paid for similar roles.

**Connected Organisations, including Related Party Relationships**

There are no related parties which either control or significantly influence the decisions and operations of St Margaret's Academy.

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

The principal object and activity of the Academy is to advance, for the public benefit, education in the school, offering a broad range of curriculum for pupils of different abilities.

The principal object and activity of the Charitable Company is the operation of St Margaret's Academy to provide free education and care for pupils of different abilities between the ages of 4 and 11.

The aims of the Academy during the year ended 31 August 2016 are summarised below:

- to continue to raise the standard of educational attainment and achievement of all pupils.
- to provide a broad and balanced curriculum, including extra curricular activities.
- to develop students as more effective learners.
- to develop the Academy site so that it enables students to achieve their full potential.
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care.
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review.
- to provide value for money for the funds expended.
- to develop greater coherence, clarity and effectiveness in school systems.
- to comply with all appropriate statutory and curriculum requirements.
- to develop the Academy's capacity to manage change, and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

At St Margaret's Academy we aim to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy is a community in which children, staff and parents should be part of a happy and caring environment.

### **Objectives, Strategies and Activities**

A key priority for the year contained in our Academy Development Plan was to set ambitious targets for the end of KS2 SAT assessments to match National Data. Improvement focuses identified for this year include:

- Ensure that attainment and progress in the core subjects is consistently high across the school
- Foundation stage attainment
- Continue to modify our curriculum and adopt those relevant parts of the new National Curriculum
- Continue to develop and refine assessment procedures across the school
- Continue to maintain THRIVE provision
- Provision for Hearing Impaired Children
- Seek to improve resources and the learning environment
- Continue to promote community involvement
- Ensure that staff professional development reflects the needs of the curriculum and pupils

### **Public Benefit**

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the academy's aims and objectives and in planning its future activities.

The Academy aims to advance for the public benefit, education in Torbay and the surrounding area. In particular, but without prejudice to the generality of the forgoing by estimating, maintaining, managing and development schools, offering a broad curriculum.

## **STRATEGIC REPORT**

### **Achievements and Performance**

- The Academy was last inspected by OFSTED in May 2013 and was judged to be Good.
- To ensure that standards are continually assessed the Academy operates a monitoring programme which includes lesson observations, works scrutiny and pupil progress meetings which are undertaken by the Senior Leadership Team.
- The Academy has used Pupil Premium money to retain an experienced Special Needs Teacher, an Intervention Teacher and Teaching Assistants to deliver intervention strategies to pupils. It has also supported extra-curricular activities, music lessons, and fun cookery.
- Continued Professional Development has enabled Teachers and Teaching Assistants to keep up to date with constant educational changes.
- A new modular build has given the Academy excellent new facilities for the After School Club and Breakfast Club 'Woodland Den' and an additional classroom 'Woodland Studio' for Cookery, Art, Dance and Music
- 3 more classrooms have been refurbished
- Both Boys' and Girls' Toilets in the Infants have been refurbished
- New railings surround the path and steps at the back of the School
- Fencing across the main playground has given the School a new ballcourt
- The outside toilet has been upgraded
- A single decker bus has been completely refurbished (interior and exterior) to give exciting new facilities for THRIVE and children needing additional support
- Gabion baskets have been used in the School field to support and prevent further movement in a wall

A summary of the school's outcomes reported nationally for 2015 - 2016 are as follows:

### **Foundation Stage**

69% of pupils achieved a Good Level of Development (69% National 2016) which is an increase for the third year and brings us in line with national data. This shows that pupils make good progress in the Foundation Stage from their low starting points.



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

**Phonic Screening Check in Year 1**

The continued focus on phonics has ensured that more children have the skills they need for reading:

- 80% of children passed the screening test in Y1 this year which is above the National 77% 2016
- 11 of the 15 (73%) Y2 children passed the phonic screening resit – an improvement on last year's 47% which brings the total of Y2 children working at the expected standard for phonics to 92% which is above the National 88%
- Combined Y1 and Y2 data is 78% which is an improvement on last year's 72%

**End of KS1**

With the removal of levels children have been assessed against the Year 2 curriculum using the Interim Assessment Framework. The school was moderated by the Local Authority in 2016 and judgments found to be accurate. The following table shows that by the end of Y2 the children are matching national and local attainment in reading but are below in writing and mathematics:

SCHOOL	Working At Expected	Greater Depth	Expected +	National	Torbay
Reading	68%	5%	73% [44/60]	74	73%
Writing	55%	3%	58% [35/60]	65	66%
Maths	65%	2%	67% [40/60]	73	70%
RWM Combined			52%	60%	60%

**End of KS2**

With the removal of levels children have been assessed against the Year 6 curriculum for writing using the Interim Assessment Framework.

The percentage of children achieving the Expected Standard matches national data in all areas except for maths but there are marking reviews and special considerations to take into account which will bring the percentage to around 66%. The following table identifies the school's performance at KS2:

	Children Meeting Expected Standard				Achieving a high standard	
	School Average	England Average	School 100+	England 100+	School 110+	England 110+
Reading Test	102	103.0	68% [38/56]	66%	18%	19%
Grammar Test	104	104.0	71% [40/56]	72%	18%	23%
Maths Test	102	103.0	63% [34/56]	70%	20%	17%
Writing Teacher Assessed	n/a	n/a	73% [41/56]	74%	18%	15%

We know that after marking reviews and special considerations are added our percentages will increase and we will have 55% of children working at the expected standard in all subjects which is above national data. The percentage of children achieving at a high standard is above the national data with 9% of children working at greater depth in all three combined as the following table shows:

Combined R,W & M	Expected	High standard
School	52%	9%
England	53%	5%

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

Science was reported as 0% at Expected standard as it was felt that it was not possible to evidence all the objectives required from the KS2 curriculum over the last two years and all must be achieved in the assessment framework to be At Expected.

Preliminary progress measures indicate that the children have made better progress in reading, writing and maths than similar pupils nationally across KS2. The progress measures are well above the floor of -5 and -7. (Reading 1.8, Writing 1.7, Maths 0.8).

The school has met floor standards in 2015-2016.

Some of the key areas to prioritise in 2016-2017 are:

- To continue to raise attainment in maths across the school so it matches national data
- To raise attainment in writing at KS1

**Key Performance Indicators**

The main financial performance indicator is the level of GAG reserves held at the Balance Sheet date. In period under review, £221,073 was carried forward representing 13% of GAG.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2016 were 412. It is anticipated that this number will rise in 2016/17.

The following KPI's are monitored by the trustees:

	<b>2016</b>	<b>2015</b>
Pupil capacity	420	420
Pupil numbers	412	411
Total income per pupil	£5,021	£5,118
Total GAG income per pupil	£4,029	£4,126
GAG income ratio of total income	80%	81%
Total expenditure per pupil	£4,945	£4,796
Staff costs per pupil	£3,791	£3,651
Staff costs as a % of GAG income	94%	89%
Staff costs as a % of total costs	77%	76%
Pupil teacher ratio – average head count	19.6	21.6
Pupil teacher ratio – full time equivalent	25.8	25.7
Available reserves	£417,536	£557,319
Available reserves per pupil	£1,013	£1,356

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

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**Going Concern**

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

**FINANCIAL REVIEW**

**Financial Review**

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2016 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2016, the Academy received total income of £2,068,610 and incurred total expenditure of £2,037,438. The excess of income over expenditure for the year was £31,172.

At 31 August 2016 the net book value of fixed assets was £3,369,997 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings were professionally valued on 31 August 2012 at £2,897,664. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in note 22 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Head Teacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Lettings, Asset Management and Insurance.

**Reserves Policy**

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate target for reserves should be approximately £200,000, currently the balance is £221,073 GAG and £112,360 unrestricted. The reason for this 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 or to maintain staffing levels in the event of a reduction in funding.

The Academy's other reserves are £2,271,997 which are made up of £3,369,997 of fixed assets and £84,000 of designated funds, less the pension deficit of £1,182,000.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

**Principal Risks And Uncertainties**

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year the majority of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer and Internal Audit to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

The Academy has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by Trustees and include the financial risks to the Academy. The register and plan are regularly reviewed in light of any new information and formally reviewed annually.

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Whilst the Academy is over-subscribed, risks to revenue funding from a falling roll are small. However, the freeze on the Government's overall education budget, changes in funding arrangements for High Needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board and Resources Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

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

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The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in note 22 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

**PLANS FOR FUTURE PERIODS**

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community.

The successful completion of a two classroom modular build, has allowed additional staff to be employed to cater for an increased number of pupils being registered for the After School and Breakfast Clubs in 2016/17.

Discussions are on-going with various trusts regarding collaboration and potential MAT formation for the future and advice has been sought on this matter.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

**AUDITORS**

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as company directors, on 23.11.16..... and signed on the board's behalf by:



**Mr M Key, Chairman  
Chair of Trustees**



**Mrs S Stell, Head Teacher  
Accounting Officer**

## **GOVERNANCE STATEMENT**

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### **SCOPE OF RESPONSIBILITY**

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

The board of trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between St Margaret's Academy and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### **GOVERNANCE**

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr M Key	3	4
Miss C Reader	3	4
Mrs L Phillips	4	4
Mr J Dickson	4	4
Mrs H Gowers	0	1
Mr R Hill	1	4
Mrs B McPhail	1	4
Mrs S Pike, Staff Governor	4	4
Mrs S Stell, Head Teacher	4	4
Mrs J Stoneman, Staff Governor	4	4
Mrs N Turner, Staff Governor	4	4
Mr J Cree	1	2

Mr J Cree was appointed on the Board of Trustees on 16 December 2015.

Mrs H Gowers resigned from her position on the Board of Trustees on 25 November 2015 and Mrs J Stoneman resigned on 29 June 2016.

### **Governance reviews**

The Trustees annually review the Governing Body Committee structure and Membership and the Management of Risk Register which cover all aspects of the academies function. The Governing Body also conducted an additional self-evaluation during 2015/16.

The Resources Committee is a sub-committee of the main Governing Body. It is a combination of the Finance Committee and the Staffing Committee. Its purpose is to assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity.

To make appropriate comments and recommendations on such matters to the governing body on a regular basis. Major issues will be referred to the full governing body for ratification. Subject to the requirements of the Companies Act 2006 and DfE guidance, the committee is authorised:

1. To consider the academy's indicative funding, notified annually by the DfE, and to assess its implications for the academy, in consultation with the Headteacher, in advance of the financial year, drawing any matters of significance or concern to the attention of the governing body.
2. To consider and recommend acceptance/non-acceptance of the academy's budget, at the start of each financial year.

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**GOVERNANCE STATEMENT (continued)**

3. To contribute to the formulation of the academy's development plan, through the consideration of financial priorities and proposals, in consultation with the Headteacher, with the stated and agreed aims and objectives of the academy.
4. To receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the development plan.
5. To liaise with and receive reports from the Staffing/Remuneration, Environment and Curriculum committees, as appropriate, and to make recommendations to those committees about the financial aspects of matters being considered by them.
6. To monitor and review expenditure on a regular basis and ensure compliance with the overall financial plan of the academy, and with the financial regulations of the DfE, drawing any matters of concern to the attention of the governing body.
7. To monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis, including the implementation of bank account agreements and, where appropriate to make recommendations for improvement.
8. To receive and scrutinize the reports, from the School Leadership Team, regarding Pupil Premium as outlined in the Pupil Premium Policy.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr M Key, Chairman	3	3
Mrs S Stell, Head Teacher	3	3
Mrs B McPhail	3	3
Mr J Dickson	3	3
Mrs S Pike, Staff Governor	3	3
Mr R Hill	1	3

The **Audit Review Committee** is also a sub-committee of the main Board of Trustees and meetings are combined with the Resources Committee.

The Audit Review Committee is an advisory body with no executive powers. However, it is authorised by the Board to investigate any activity within its terms of reference and to seek any information it requires from staff who are requested to co-operate with the Committee in the conduct of its enquiries.

The Audit Committee is authorised to obtain independent professional advice if it considers this necessary. The Committee is authorised to:

1. Consider the risks to internal financial control at the Academy and agree a programme of work that will address these risks.
2. Oversee the appointment of both internal and external auditors and ensure the external auditor's Independence.
3. Receive the audit reports and ensure the auditor's recommendations are followed up.
4. Ensure due compliance with public accountability.
5. Examine and review the risk management process.
6. Review Anti-fraud procedures.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr M Key, Chairman	3	3
Mrs S Stell, Head Teacher	3	3
Mrs B McPhail	3	3
Mr J Dickson	3	3
Mrs S Pike, Staff Governor	3	3
Mr R Hill	1	3

**GOVERNANCE STATEMENT (continued)**

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**REVIEW OF VALUE FOR MONEY**

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

The Accounting Officer considers how the academy's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the year by:

**Improving Education Results**

- Foundation Stage data is in line with National data.
- By the end of KS2 the Academy met floor standards with above average progress in reading, writing and maths from KS1.
- Targeted improvement has meant staffing structure is constantly under review and staff are deployed efficiently to support English and Maths, in particular, across the school.
- The focus on individual pupils has continued, with Pupil Premium children and those with Special Educational Needs being high priority.
- Collaboration with other educational providers is being developed, to enable good practice to be shared and standards raised.

**Financial Governance and Oversight**

The Trustees have ensured that sound systems of financial control are in place which includes two visits by the Responsible Officer, who provides an independent oversight of the Academy's financial affairs, and visits from internal and external Auditors. There is a clear separation of duties to support prudent financial management. The Resources/Audit Committee meet Termly to receive, consider and monitor the reports received from the Responsible Officer, Auditors and the School Business Manager.

**Better Purchasing**

Contracts and services are reviewed and renegotiated regularly to ensure best value (which need not necessarily be the lowest cost option). The Trustees consider competitive quotations on purchases over £5,000 and agree the best option for expenditure. Quotations are regularly sought for lesser amounts of expenditure to enable best value for money. For 2015/6 the Trustees have considered competitive quotations and agreed the best option for expenditure on the following:

- The building of 2 modular classrooms
- Gabion baskets to support a retaining wall in the playing field
- Redecoration of 3 classrooms and replacement carpets
- A three year lease for 2 new photocopiers

**Better Income Generation**

When opportunities arise the Academy will bid for additional funding for major projects through the DfE and Charitable Trusts.

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

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



**GOVERNANCE STATEMENT (continued)**

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**CAPACITY TO HANDLE RISK**

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

**THE RISK AND CONTROL FRAMEWORK**

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

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Devon Audit as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The internal audit function has delivered their schedule of work as planned and no material control issues were identified from this work.

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

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

Approved by order of the members of the board of trustees on 23.11.16 and signed on their behalf, by:



**Mr M Key, Chairman  
Chair of Trustees**



**Mrs S Stell, Head Teacher  
Accounting Officer**

**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

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

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



**Mrs S Stell  
Accounting Officer**

**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

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

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The Trustees (who act as governors of St Margaret's Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the board of trustees and signed on its behalf by:



**Mr M Key, Chairman  
Chair of Trustees**

**Date:** 23.11.16



**Mrs S Stell, Head Teacher  
Accounting Officer**

**Date:** 23.11.16

**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES  
OF ST MARGARET'S ACADEMY**

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We have audited the financial statements of St Margaret's Academy for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

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

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

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

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

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

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

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

**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES  
OF ST MARGARET'S ACADEMY**

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

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

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

William Hanbury FCA (Senior Statutory Auditor)  
for and on behalf of  
**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors  
50 The Terrace  
Torquay  
Devon  
TQ1 1DD

Date: 5/12/16



**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ST  
MARGARET'S ACADEMY AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 19 November 2014 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 St Margaret's Academy during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF ST MARGARET'S ACADEMY'S ACCOUNTING OFFICER AND THE  
REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of St Margaret's Academy's funding agreement with the Secretary of State for Education dated 31 March 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 year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

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

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ST  
MARGARET'S ACADEMY AND THE EDUCATION FUNDING AGENCY (continued)**

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**CONCLUSION**

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

William Hanbury FCA (Reporting Accountant)



**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors  
50 The Terrace  
Torquay  
Devon  
TQ1 1DD

Date: 5/12/16

ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)

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

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	2,888	18,162	8,635	29,685	23,215
Charitable activities	3	34,452	1,961,592	-	1,996,044	2,042,765
Other trading activities	4	37,046	-	-	37,046	37,045
Investments	5	5,835	-	-	5,835	330
<b>TOTAL INCOME</b>		<b>80,221</b>	<b>1,979,754</b>	<b>8,635</b>	<b>2,068,610</b>	<b>2,103,355</b>
<b>EXPENDITURE ON:</b>						
Raising funds		26,197	-	-	26,197	24,692
Charitable activities		41,393	1,879,811	90,037	2,011,241	1,946,577
<b>TOTAL EXPENDITURE</b>	8	<b>67,590</b>	<b>1,879,811</b>	<b>90,037</b>	<b>2,037,438</b>	<b>1,971,269</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
		12,631	99,943	(81,402)	31,172	132,086
Transfers between Funds	17	-	(337,357)	337,357	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES</b>						
		12,631	(237,414)	255,955	31,172	132,086
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(522,000)	-	(522,000)	3,000
<b>NET MOVEMENT IN FUNDS</b>		<b>12,631</b>	<b>(759,414)</b>	<b>255,955</b>	<b>(490,828)</b>	<b>135,086</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		183,729	(201,410)	3,114,042	3,096,361	2,961,275
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>196,360</b>	<b>(960,824)</b>	<b>3,369,997</b>	<b>2,605,533</b>	<b>3,096,361</b>

The notes on pages 25 to 44 form part of these financial statements.



**ST MARGARET'S ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REGISTERED NUMBER: 07566505**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Tangible assets	13		<b>3,369,997</b>		3,114,042
<b>CURRENT ASSETS</b>					
Stocks		<b>9,589</b>		8,848	
Debtors	14	<b>78,350</b>		95,198	
Cash at bank and in hand		<b>440,014</b>		540,628	
			<u><b>527,953</b></u>	<u>644,674</u>	
<b>CREDITORS: amounts falling due within one year</b>	15	<b>(110,417)</b>		<b>(87,355)</b>	
<b>NET CURRENT ASSETS</b>			<u><b>417,536</b></u>		<u>557,319</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u><b>3,787,533</b></u>		<u>3,671,361</u>
Defined benefit pension scheme liability	22		<u><b>(1,182,000)</b></u>		<u>(575,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u><b>2,605,533</b></u></u>		<u><u>3,096,361</u></u>
<b>FUNDS OF THE ACADEMY TRUST</b>					
Restricted funds:					
General funds	17	<b>221,176</b>		373,590	
Fixed asset funds	17	<b>3,369,997</b>		3,114,042	
			<u><b>3,591,173</b></u>	<u>3,487,632</u>	
Restricted funds excluding pension liability					
Pension reserve		<b>(1,182,000)</b>		<b>(575,000)</b>	
			<u><b>2,409,173</b></u>	<u>2,912,632</u>	
Total restricted funds					
Unrestricted funds	17		<u><b>196,360</b></u>		<u>183,729</u>
<b>TOTAL FUNDS</b>			<u><u><b>2,605,533</b></u></u>		<u><u>3,096,361</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on *23 November 2016* and are signed on their behalf, by:



**Mr M Key, Chairman**  
**Chair of Trustees**



**Mrs S Stell, Head Teacher**  
**Accounting Officer**

The notes on pages 25 to 44 form part of these financial statements.

**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

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

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	<b>Note</b>	<b>2016 £</b>	<b>2015 £</b>
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	19	<u>226,650</u>	<u>254,079</u>
<b>Cash flows from investing activities:</b>			
Interest received		4,752	330
Purchase of tangible fixed assets		(340,651)	(95,416)
Capital grants from DfE/EFA		8,635	8,613
<b>Net cash used in investing activities</b>		<u>(327,264)</u>	<u>(86,473)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>(100,614)</b>	167,606
Cash and cash equivalents brought forward		<u>540,628</u>	<u>373,022</u>
<b>Cash and cash equivalents carried forward</b>	20	<u><u>440,014</u></u>	<u><u>540,628</u></u>

**ST MARGARET'S ACADEMY  
(A COMPANY LIMITED BY GUARANTEE)**

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

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**1. ACCOUNTING POLICIES**

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

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

St Margaret's Academy constitutes a public benefit entity as defined by FRS 102.

In accordance with the Academies Accounts Direction 2015 to 2016 capital grants are now recognised in Income from Donations and Capital Grants instead of Charitable Activities. Capital grants recognised in 2015 have been reclassified.

**First time adoption of FRS 102**

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

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 27.

**1.2 FUND ACCOUNTING**

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

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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 and include grants from the Department for Education.

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

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

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**1. ACCOUNTING POLICIES (continued)**

**1.3 INCOME**

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

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

General Annual Grant is recognised in full in the Statement of financial activities 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.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

**1.4 EXPENDITURE**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure on raising funds 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 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.

**1.5 GOING CONCERN**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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

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**1. ACCOUNTING POLICIES (continued)**

**1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £1,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities 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.

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

Leasehold land	-	Term of the lease
Long term leasehold property	-	2% straight line
Fixtures and fittings	-	15% straight line
Computer equipment	-	20% straight line

On conversion the academy was granted a 125 year lease from the Local Authority for the land and buildings previously occupied by the local authority school. On conversion the long term leasehold property was recognised as a donation from the Local Authority and was valued using the depreciated replacement cost method.

**1.7 INTEREST RECEIVABLE**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

**1.8 OPERATING LEASES**

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

**1.9 STOCKS**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is based on the cost of purchases on a first in first out basis.

**1.10 DEBTORS**

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

**1.11 CASH AT BANK AND IN HAND**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

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

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**1. ACCOUNTING POLICIES (continued)**

**1.12 LIABILITIES AND PROVISIONS**

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

**1.13 FINANCIAL INSTRUMENTS**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial instruments includes cash at bank, trade debtors, accrued income from financial instruments (comprising dividends and interest due from investments), trade creditors and accrued expenditure.

**1.14 TAXATION**

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

**1.15 PENSIONS**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

**1. ACCOUNTING POLICIES (continued)**

**1.16 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease required the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

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

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	2,888	18,162	-	21,050	14,602
Capital Grants	-	-	8,635	8,635	8,613
	<u>2,888</u>	<u>18,162</u>	<u>8,635</u>	<u>29,685</u>	<u>23,215</u>

In 2015, of the total income from donations and capital grants, £1,049 was to unrestricted funds and £22,166 was to restricted funds.

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

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
General Annual Grant	-	1,659,900	1,659,900	1,695,642
Other DfE/EFA grants	-	265,091	265,091	277,551
	<u>-</u>	<u>1,924,991</u>	<u>1,924,991</u>	<u>1,973,193</u>
<b>Other government grants</b>				
High Needs	-	29,582	29,582	21,745
Other government grants non capital	-	7,019	7,019	14,566
	<u>-</u>	<u>36,601</u>	<u>36,601</u>	<u>36,311</u>
<b>Other funding</b>				
Internal catering income	31,909	-	31,909	29,364
Sales to students	1,143	-	1,143	2,777
Other	1,400	-	1,400	1,120
	<u>34,452</u>	<u>-</u>	<u>34,452</u>	<u>33,261</u>
	<u>34,452</u>	<u>1,961,592</u>	<u>1,996,044</u>	<u>2,042,765</u>

In 2015, of the total income from charitable activities, £33,261 was to unrestricted funds and £2,009,504 was to restricted funds.

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings	425	-	425	150
External Catering	2,577	-	2,577	2,078
Fees received	30,712	-	30,712	27,398
Other	3,332	-	3,332	7,419
	<u>37,046</u>	<u>-</u>	<u>37,046</u>	<u>37,045</u>

In 2015, of the total income from other trading activities, £37,045 was to unrestricted funds and £Nil was to restricted funds.



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**5. INVESTMENT INCOME**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	5,835	-	5,835	330

In 2015, of the total investment income, £330 was to unrestricted funds and £Nil was to restricted funds.

**6. DIRECT COSTS**

	Total 2016 £	Total 2015 £
Pension finance costs	21,000	21,000
Educational supplies	133,649	156,985
Staff development	9,778	12,267
Other costs	15,341	8,589
Supply teachers	18,722	5,241
Wages and salaries	973,707	977,713
National insurance	66,666	55,893
Pension cost	198,568	181,364
Depreciation	10,656	10,615
	<u>1,448,087</u>	<u>1,429,667</u>

**7. SUPPORT COSTS**

	Total 2016 £	Total 2015 £
Recruitment and support	2,988	378
Maintenance of premises and equipment	38,410	40,159
Cleaning	7,000	7,708
Rent and rates	13,360	10,527
Energy costs	16,914	19,116
Insurance	15,050	10,173
Security and transport	1,179	421
Catering	46,933	45,538
Office overheads	46,198	39,352
Legal and professional	4,677	4,411
Bank interest and charges	153	185
Governance	10,270	9,410
Wages and salaries	214,220	201,711
National insurance	10,618	8,898
Pension cost	55,803	49,549
Depreciation	79,381	69,374
	<u>563,154</u>	<u>516,910</u>

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**8. EXPENDITURE**

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on fundraising trading	23,634	-	2,563	26,197	24,692
Education:					
Direct costs	1,257,663	86,340	104,084	1,448,087	1,408,667
Support costs	280,641	79,381	203,132	563,154	516,910
	<u>1,561,938</u>	<u>165,721</u>	<u>309,779</u>	<u>2,037,438</u>	<u>1,950,269</u>

In 2016, of the total expenditure, £67,590 (2015: £64,127) was to unrestricted funds and £1,884,848 (2015: £1,895,142) was to restricted funds.

**9. NET INCOME / (EXPENDITURE) FOR THE PERIOD**

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	90,037	79,989
Auditors' remuneration - audit	4,250	4,130
Auditors' remuneration - other services	4,285	2,000
Operating lease rentals	4,676	2,880
	<u>          </u>	<u>          </u>

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**10. STAFF COSTS**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	1,208,562	1,197,187
Social security costs	77,284	64,791
Operating costs of defined benefit pension schemes	257,370	233,480
	<u>1,543,216</u>	<u>1,495,458</u>
Supply teacher costs	18,722	5,242
	<u>1,561,938</u>	<u>1,500,700</u>

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

	2016 No.	2015 No.
Teachers	21	19
Education support	44	42
Administration and clerical	5	4
Management	2	2
	<u>72</u>	<u>67</u>

Average headcount expressed as a full time equivalent:

	2016 No.	2015 No.
Teachers	16	16
Education support	29	28
Administration and clerical	4	3
Management	2	2
	<u>51</u>	<u>49</u>

The number of employees whose employee benefits (excluding employer's National Insurance contributions and employer pension costs) exceeded £60,000 was:

	2016 No.	2015 No.
In the band £60,001 - £70,000	1	1

The key management personnel of the Academy comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £321,045 (2015: £373,759).

As staff trustees are not remunerated in respect of their role as a trustee, where staff trustees do not form part of the key management personnel other than in their role as trustee, their remuneration as set out in note 11 has not been included in the total benefits received by key management personnel above.

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**11. TRUSTEES' REMUNERATION AND EXPENSES**

During the year retirement benefits were accruing to 4 Trustees (2015: 6) in respect of defined benefit pension schemes.

During the year ended 31 August 2016, expenses totalling £312 (2015: £45) were reimbursed to 3 Trustees (2015: 2).

The Head teacher and staff Trustees only receive remuneration in respect of services they provide undertaking the roles of head teacher and staff and not in respect of their services as Trustees. Other Trustees did not receive any payments from the academy in respect of their role as Trustees. The value of Trustees' remuneration in the year was as follows; R Breeze, resigned 31 December 2014: Remuneration £Nil, (2015: £15,000 - £20,000), Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000), S Stell: Remuneration £60,000 - £65,000 (2015: £60,000 - £65,000), Employer's pension contributions £10,000 - £15,000 (2015: £5,000 - £10,000) G Wilkes, resigned 24 September 2014: Remuneration £Nil, (2015: £5,000 - £10,000) Employer's pension contributions £Nil (2015: £Nil - £5,000), J Stoneman, resigned 30 June 2016: Remuneration £10,000 - £15,000 (2015: £10,000 - £15,000), Employer's pension contributions £Nil - £5,000 (2015: £Nil - £5,000) S Pike: Remuneration £45,000 - £50,000 (2015: £45,000 - £50,000) Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000) N Turner: Remuneration £40,000 - £45,000 (2015: £40,000 - £45,000) Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000).

**12. TRUSTEES' 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 £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £787 (2015: £838).

**13. TANGIBLE FIXED ASSETS**

	Long term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
<b>COST</b>				
At 1 September 2015	3,104,991	280,538	120,335	3,505,864
Additions	289,210	32,966	23,816	345,992
At 31 August 2016	<u>3,394,201</u>	<u>313,504</u>	<u>144,151</u>	<u>3,851,856</u>
<b>DEPRECIATION</b>				
At 1 September 2015	154,812	162,727	74,283	391,822
Charge for the year	14,181	47,026	28,830	90,037
At 31 August 2016	<u>168,993</u>	<u>209,753</u>	<u>103,113</u>	<u>481,859</u>
<b>NET BOOK VALUE</b>				
At 31 August 2016	<u>3,225,208</u>	<u>103,751</u>	<u>41,038</u>	<u>3,369,997</u>
At 31 August 2015	<u>2,950,179</u>	<u>117,811</u>	<u>46,052</u>	<u>3,114,042</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**14. DEBTORS**

	2016 £	2015 £
VAT repayable	21,281	34,879
Prepayments and accrued income	57,069	60,319
	<u>78,350</u>	<u>95,198</u>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016 £	2015 £
Other taxation and social security	22,184	20,184
Accruals and deferred income	88,233	67,171
	<u>110,417</u>	<u>87,355</u>

	2016 £	2015 £
<b>DEFERRED INCOME</b>		
Deferred income at 1 September 2015	30,463	31,715
Resources deferred during the year	46,406	30,463
Amounts released from previous years	(30,463)	(31,715)
	<u>46,406</u>	<u>30,463</u>

At the year end income relating to Universal Infant Free School Meals and individual pupil high needs funding was deferred as they relate to the 2016/17 financial year.

**16. FINANCIAL INSTRUMENTS**

	2016 £	2015 £
Financial assets measured at fair value through income and expenditure	440,014	540,628
Financial assets measured at amortised cost	21,281	34,879
	<u>461,295</u>	<u>575,507</u>
Financial liabilities measured at amortised cost	<u>(1,204,184)</u>	<u>(595,184)</u>

Financial assets measured at fair value through income and expenditure comprise cash and cash equivalents.

Financial assets measured at amortised cost comprise VAT recoverable.

Financial liabilities measured at amortised cost comprise taxation and social security, and the defined benefit pension deficit.

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**17. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>DESIGNATED FUNDS</b>						
Future capital projects	-	-	-	84,000	-	84,000
<b>GENERAL FUNDS</b>						
General funds	183,729	49,509	(42,838)	(78,040)	-	112,360
After school and breakfast clubs	-	30,712	(24,752)	(5,960)	-	-
	<u>183,729</u>	<u>80,221</u>	<u>(67,590)</u>	<u>(84,000)</u>	<u>-</u>	<u>112,360</u>
Total Unrestricted funds	<u>183,729</u>	<u>80,221</u>	<u>(67,590)</u>	<u>-</u>	<u>-</u>	<u>196,360</u>
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	320,542	1,659,900	(1,471,883)	(287,486)	-	221,073
High Needs	-	29,582	(29,582)	-	-	-
Donations	-	6,129	(6,129)	-	-	-
Pupil premium	53,048	194,524	(194,268)	(53,304)	-	-
PE and sports grant	-	9,765	(9,662)	-	-	103
UIFSM	-	60,525	(63,958)	3,433	-	-
Other restricted grants	-	19,329	(19,329)	-	-	-
Pension reserve	(575,000)	-	(85,000)	-	(522,000)	(1,182,000)
	<u>(201,410)</u>	<u>1,979,754</u>	<u>(1,879,811)</u>	<u>(337,357)</u>	<u>(522,000)</u>	<u>(960,824)</u>

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

**RESTRICTED FIXED ASSET FUNDS**

Fixed assets transferred on conversion	2,828,549	-	(44,252)	-	-	2,784,297
Fixed assets purchased from GAG and other restricted funds	240,058	-	(41,335)	284,053	-	482,776
DfE/EFA Capital grants	35,085	8,635	(2,513)	-	-	41,207
Capital grants transferred on conversion	10,350	-	(221)	-	-	10,129
Fixed assets purchased from pupil premium	-	-	(1,716)	53,304	-	51,588
	<u>3,114,042</u>	<u>8,635</u>	<u>(90,037)</u>	<u>337,357</u>	<u>-</u>	<u>3,369,997</u>
Total restricted funds	<u>2,912,632</u>	<u>1,988,389</u>	<u>(1,969,848)</u>	<u>-</u>	<u>(522,000)</u>	<u>2,409,173</u>
Total of funds	<u><u>3,096,361</u></u>	<u><u>2,068,610</u></u>	<u><u>(2,037,438)</u></u>	<u><u>-</u></u>	<u><u>(522,000)</u></u>	<u><u>2,605,533</u></u>

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

**DESIGNATED FUNDS**

The Trustees have designated funds towards future capital projects including replacing windows in the main school block and a Reception area extension.

**RESTRICTED FUNDS**

General Annual Grant (GAG) - This funds includes income from the EFA which is to be used for the running costs of the academy, including education and support costs.

High Needs - Funding received by the Local Authority to fund further support for students with additional needs.

Restricted donations - This fund represents other small restricted donations for the Academy.

Pupil Premium - Pupil premium represents funding received from the EFA for children that qualify for free school meals to enable the Academy to address the current underlying inequalities between those children and their wealthier peers.

PE & sports grant - This represents funding received from the EFA and must be used to fund improvements to the provision of PE and sport, for the benefit of primary-aged pupils, so that they develop healthy lifestyles.

UIFSM - This funding was received in order to ensure children that meet the criteria have access to free school meals.

Other restricted grants - This fund represents other small Dfe/EFA grants/income.

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

Pension reserve - This fund represents the pension deficit for the Local Government Pension Scheme.

**RESTRICTED FIXED ASSET FUNDS**

Fixed assets transferred on conversion - This represents the fixed assets transferred from the Local Authority on conversion.

Fixed assets purchased from GAG and other restricted funds - This fund includes transfers from the GAG restricted fund for capital related expenditure. The balance at the year end represents the net book value of assets transferred from the GAG fund.

DfE/EFA Capital grants - Grants recieved to be spent on capital related expenditure.

Capital grants transferred on conversion - This represents capital grants transferred from the Local Authority on conversion, to be spent on capital related expenditure.

Fixed assets purchased from pupil premium - This fund represents the net book value of fixed assets purchased from restricted pupil premium funding to include a contribution towards the modular build and THRIVE bus.

**OTHER INFORMATION**

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

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

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	3,369,997	3,369,997	3,114,042
Current assets	266,090	261,863	-	527,953	644,674
Creditors due within one year	(69,730)	(40,687)	-	(110,417)	(87,355)
Pension scheme liability	-	(1,182,000)	-	(1,182,000)	(575,000)
	<u>196,360</u>	<u>(960,824)</u>	<u>3,369,997</u>	<u>2,605,533</u>	<u>3,096,361</u>



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

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	31,172	132,086
<b>Adjustment for:</b>		
Depreciation charges	90,037	79,989
Interest received	(4,752)	(330)
Increase in stocks	(741)	(797)
Decrease/(increase) in debtors	16,848	(2,326)
Increase/(decrease) in creditors	17,721	(26,930)
Capital grants from DfE and other capital income	(8,635)	(8,613)
Defined benefit pension scheme adjustment	64,000	60,000
Defined benefit pension scheme finance cost	21,000	21,000
<b>Net cash provided by operating activities</b>	<b>226,650</b>	<b>254,079</b>

**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash in hand	153,133	194,457
Notice deposits	286,881	346,171
<b>Total</b>	<b>440,014</b>	<b>540,628</b>

**21. CAPITAL COMMITMENTS**

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

	2016 £	2015 £
Contracted for but not provided in these financial statements	11,667	-

**22. PENSION COMMITMENTS**

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

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

Contributions amounting to £22,709 were payable to the schemes at 31 August 2016 (2015: £21,853) and are included within creditors.

## **22. PENSION COMMITMENTS (continued)**

### **Teachers' Pension Scheme**

#### **Introduction**

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

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

#### **Valuation of the Teachers' Pension Scheme**

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (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 £108,433 (2015: £90,427).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £112,000 (2015: £107,000), of which employer's contributions totalled £82,000 (2015: £79,000) and employees' contributions totalled £30,000 (2015: £28,000). The agreed contribution rates for future years are 17.1% for employers and will range between 5.5% and 7.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Expected return on scheme assets at 31 August	3.20 %	6.00 %
Rate of increase in salaries	4.10 %	4.40 %
Rate of increase for pensions in payment / inflation	2.30 %	2.60 %
Inflation assumption (CPI)	1.80 %	2.60 %

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

	2016	2015
Retiring today		
Males	22.9	22.8
Females	26.2	26.1
Retiring in 20 years		
Males	25.2	25.1
Females	28.6	28.4

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	493,000	366,000
Bonds	22,000	32,000
Property	83,000	69,000
Cash	14,000	15,000
Gilts	27,000	31,000
Other	201,000	127,000
	<hr/>	<hr/>
Total market value of assets	<b>840,000</b>	<b>640,000</b>
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The actual return on scheme assets was £95,000 (2015: £(1,000)).

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**22. PENSION COMMITMENTS (continued)**

The amounts recognised in the Statement of financial activities are as follows:

	<b>2016</b>	2015
	£	£
Current service cost (net of employee contributions)	<b>(146,000)</b>	(139,000)
Net interest cost	<b>(21,000)</b>	(21,000)
	<hr/>	<hr/>
Total	<b>(167,000)</b>	(160,000)
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2016</b>	2015
	£	£
Opening defined benefit obligation	<b>1,215,000</b>	1,038,000
Current service cost	<b>146,000</b>	139,000
Interest cost	<b>49,000</b>	44,000
Contributions by scheme participants	<b>30,000</b>	28,000
Actuarial losses/(gains)	<b>589,000</b>	(27,000)
Benefits paid	<b>(7,000)</b>	(7,000)
	<hr/>	<hr/>
Closing defined benefit obligation	<b>2,022,000</b>	1,215,000
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2016</b>	2015
	£	£
Opening fair value of scheme assets	<b>640,000</b>	541,000
Return on plan assets (excluding net interest on the net defined pension liability)	<b>28,000</b>	23,000
Actuarial gains and (losses)	<b>67,000</b>	(24,000)
Contributions by employer	<b>82,000</b>	79,000
Contributions by employees	<b>30,000</b>	28,000
Benefits paid	<b>(7,000)</b>	(7,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	<b>840,000</b>	640,000
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**23. OPERATING LEASE COMMITMENTS**

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

	2016 £	2015 £
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	4,676	2,160
Between 1 and 5 years	7,192	-
Total	<u>11,868</u>	<u>2,160</u>

**24. 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.

**25. GENERAL INFORMATION**

St Margaret's Academy is a company limited by guarantee, incorporated in England and Wales. The registered office is St Margaret's Academy, Barewell Road, Torquay, Devon, TQ1 4PA.

**26. RELATED PARTY TRANSACTIONS**

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

No related party transactions took place in the period of account other than certain Trustees' remuneration and expenses already disclosed in note 11.

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

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

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

<b>RECONCILIATION OF TOTAL FUNDS</b>	<b>Notes</b>	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		2,961,275	3,096,361
Total funds reported under FRS 102		<u>2,961,275</u>	<u>3,096,361</u>

<b>Reconciliation of net income/(expenditure)</b>	<b>Notes</b>	31 August 2015 £
Net income (before actuarial losses) previously reported under UK GAAP		144,086
Change in recognition of LGPS interest cost	A	<u>(12,000)</u>
Net movement in funds reported under FRS 102		<u>132,086</u>

Explanation of changes to previously reported funds and net income/expenditure:

A Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expenses. Under FRS102 a net interest, based on the net defined benefit liability, is recognised in expenses. There has been no change to the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to expense by £12,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.