

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Governors' report and financial statements
for the year ended 31 August 2015

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

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**Reference and administrative details of the academy, its members/ trustees and advisers
for the year ended 31 August 2015**

Members

Mr A Hunt
Mr P Irons
Mrs T Rees (appointed 1 September 2014)
Mr N Singh, Chair
Mrs S Taylor
Mr D Walker
Mrs P Wilson

Trustees

Mr P Irons, Chair¹
Mrs P Wilson, Vice Chair¹
Dr S Ahmad
Mr S Battlemuch
Ms A Cannon (appointed 22 April 2015)
Mr W Davidson (appointed 1 September 2014)
Mr P Drysdale¹
Mr D Fensome (resigned 6 February 2015)
Mr D Goforth
Mrs R Hudlin
Mr A Hunt¹
Mr A Ishaque
Mr N Jackson¹
Mrs E Jackson
Mrs L Kingston (resigned 31 January 2015)
Mrs T Rees, Principal (appointed 1 September 2014)¹
Miss A Saunders
Mr N Singh¹
Ms A Smart-Gosrani
Mrs S Taylor
Mr D Walker¹
Mr G Singh (resigned 10 December 2014)

¹ members of the Strategic and Financial Planning Committee

Senior management team

Mrs T Rees, Principal
Mr D Rowe, Deputy Principal
Mr A Baldwin, Assistant Principal
Mrs J Eldridge, Assistant Principal
Mr K Mayle, Assistant Principal
Mrs M Morrill, Assistant Principal
Mr S Roe, Assistant Principal

Company registered number

07597390

Principal and registered office

The Fernwood Academy Trust, Goodwood Road, Nottingham, Nottinghamshire, NG8 2FT

Company secretary

Mr P Robinson

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**Reference and administrative details of the academy, its members/ trustees and advisers
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Administrative details (continued)

Independent auditors

Smith Cooper Limited, 2 Lace Market Square, Nottingham, NG1 1PB

Bankers

Lloyds TSB, Old Market Square, Nottingham, Nottinghamshire, NG1 6FD

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Governors' report
for the year ended 31 August 2015

The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements and Auditors' report of The Fernwood Academy Trust (the academy) for the year ended 31 August 2015. The Governors confirm that the annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

Structure, governance and management

a. CONSTITUTION

The Fernwood Academy Trust is a company limited by guarantee with no share capital (registration no. 07597390). With effect from 1 May 2011 the charity became an exempt charity with the Department for Education (DfE) as the principal regulator. The charitable company's memorandum and articles of association are the prime governing documents of The Fernwood Academy Trust. Governors are appointed as set out in the articles of association.

The principal activity of the charitable company is to provide outstanding education to pupils at the academy. The academy endeavours to provide each pupil with the best education by setting in place individual learning strategies to support them in reaching their potential.

b. MEMBERS' LIABILITY

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

c. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

The governors (other than associate governors) are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of the charity legislation.

The term of office for any governor shall be 4 years, save that this time limit shall not apply to the principal. Subject to eligibility any governor may be reappointed or re-elected.

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

During the period under review the governing body held 6 meetings.

The articles of association state that:

- The Trust can appoint 1 governor,
- The Local Authority appoints 1 governor,
- The governing body appoints 2 Partnership governors and 5 Community governors,
- 7 governors are elected parent governors,
- 3 governors are elected staff governors,
- 3 further co-opted governors can be appointed by the governing body,
- The Principal is an ex-officio governor.

d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

The training and induction provided for new governors will depend on their existing experience. In brief, appropriate training and support is provided to governors throughout their membership in appropriate areas, for

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Governors' report (continued)
for the year ended 31 August 2015

example, induction, or specific areas such as pupil discipline, finance, complaints and admissions. This programme is supplemented by structured governor visits, including giving governors a chance to meet staff and students and tour the school. All governors are provided with copies of policies, procedures, minutes, accounts, budget and other documents that they will need to undertake their role as governor.

e. ORGANISATIONAL STRUCTURE

The governing body normally meets 6 times each year. The governing body establishes an overall framework for the governance of the academy and agrees membership of committees. It receives reports from its committees for approval. It monitors the activities of the committees through the minutes of their meetings. It also establishes the terms of reference for its committees.

The governing body is responsible for setting strategy and general policy, adopting an annual plan and budget, monitoring the academy's use of funds and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

The Principal has responsibility for the day to day management of the academy. The Principal is the accounting officer.

f. RISK MANAGEMENT

The governors are responsible for the management of risks to which the academy is exposed, and have undertaken a review of risks associated with its activities. Governors have taken steps to mitigate likely risk and to ensure regular monitoring of the primary areas of potential risk.

Connected organisations, including Related Party Relationships

The Fernwood Academy Trust is not connected to any other organisations nor has it any related party relationships; this is reviewed on an annual basis at the first governors' meeting of the academic year.

g. GOVERNORS' INDEMNITIES

During the period, an indemnity from the Charitable Company was available to the governors against liabilities that might be incurred by them in defending proceedings against them in respect of the affairs of the Charitable Company. The indemnity is subject to the provisions of the Companies Act and is set out in the Articles of Association. The Trust has purchased Academies Risk Protection Arrangement (RPA) which covers Governors Liability Insurance with unlimited indemnity, the RPA also covers staff.

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Governors' report (continued)
for the year ended 31 August 2015

Objectives and Activities

a. OBJECTS AND AIMS

The principal object of The Fernwood Academy Trust is to advance, for the public benefit, education in the United Kingdom, in particular (but without prejudice to the generality of the foregoing) by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum with a strong emphasis on care and discipline. In setting our objectives and planning our activities the governors have given careful consideration to the charity commission's general guidance on public benefit.

In accordance with The Fernwood Academy Trust's funding agreement, arrangements are made to meet the conditions of grant on such matters as admissions, exclusions, arrangements for pupils with special educational needs (SEN) and the curriculum.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The Fernwood Academy Trust's main strategy is encompassed in its vision and ethos which is to ensure that the academy is one where everybody will achieve the highest standards. In particular we aim to:

- challenge every pupil to raise their aspirations and excel in academic achievements
- instil in pupils the values and characteristics necessary to become successful, confident and responsible members of society
- teach pupils the values of self-discipline, resilience and endeavour in order to become life-long learners
- prepare pupils to participate in and contribute to a society with ever changing scientific, technical and international needs.

c. ACTIVITIES FOR ACHIEVING OBJECTIVES

To this end the activities that will be provided include to:

- establish a broad, balanced and innovative curriculum which integrates theory, practice and has enterprise and 'learning by doing' at its core
- be relentlessly focused on developing the potential of all students, helping them learn for themselves and then support others
- foster creativity and initiative, encouraging everyone to aim for excellence in all they do.
- build pride by valuing each and every individual and equipping them to take responsibility for their own actions
- provide a range of additional enrichment activities for every student beyond the normal academy day
- build strong partnerships with parents, carers, employers and the local community, with the academy becoming a centre of learning for the local community
- work with a range of partners, including business, together with further and higher education to enhance the curriculum, provide work placements and to build strong employability skills
- recruit, retain and develop high quality, enterprising and open minded staff that are positive, cooperative and contributing members of the local community and make best use of existing and new staff expertise
- make extensive and innovative use of well-designed ICT to engage learners and improve teaching and administration.

d. PUBLIC BENEFIT

The governors have given consideration to the guidance on public benefit published by the Charity Commission. The main public benefit delivered by The Fernwood Academy Trust is the maintenance and development of a quality education by the school. It is the governors' aim to deliver outstanding learning to all its students during the journey of improvement towards excellence.

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Governors' report (continued)
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e. EQUAL OPPORTUNITIES POLICY

The governors recognise that equal opportunities should be an integral part of good practice within the work place. The Fernwood Academy Trust aims to establish equal opportunities in all areas of its activities including the creation of a working environment in which the contribution and needs of all people are fully valued.

Strategic report

Achievements and performance

a. GOING CONCERN

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

b. KEY FINANCIAL PERFORMANCE INDICATORS

This is Fernwood School's fourth annual report since converting to academy status on 1 May 2011. During the reporting year the following achievements, developments, proposals and aspirations were secured, discussed and implemented:-

- Last year's report advised that Mrs Rees had been appointed as the Academy's new Head Teacher. Mrs Rees took up her post on 1 September 2014. Her vision for the Academy, reported to the first Governing Body meeting of the 2014 autumn term, was to secure the future development of the Academy by maintaining the current ethos (high achievement with care and discipline for all), remaining focussed on teaching and learning and improving outcomes, improving communication with all stakeholders particularly around Academy successes, preparing for Ofsted and maintaining a balanced budget. The following sections of the report develop these issues.
- The 2014/15 report indicated that GCSE outcomes for 2014 had dipped from the previous year to 68% 5A*-C including English and mathematics. In order for Governors to be in a better position to understand the underlying issues behind the figures, the presentation of relevant data was substantially enhanced so that, for example, full reports on Raiseonline and the Data Dashboard were provided to the Governing Body during the year. This enabled Governors to be more aware of the relative strengths and weaknesses of the Academy. In terms of strengths, these were solid outcomes which translated into positive outcomes when assessed against the Progress and Attainment measures to be introduced in 2016. Further work was, however, required on levels of progress generally and the attainment of disadvantaged children.
- Although the Specialist Schools and Academy Trust placed the Academy's attainment in 2014 in the top 20% of national non-selective schools, issues around the attainment of SEN and other disadvantaged students and raising the current good outcomes in mathematics to meet those outstanding ones in English would most likely make the Academy vulnerable in its quest to retain outstanding status. These issues and others arising from the outcome of 2015 GCSE results (reported on below) would inform the 2015/16 school development plan.
- In furtherance of providing more information to Governors to enable them to carry out their core duties more effectively, during the year presentations were made by the Senior Leadership Team and other appropriate staff on a variety of subjects including the new SEND Code of Practice, partnership arrangements in teaching and learning (this will be developed further in this narrative), safeguarding and health, performance management, the delivery of British Values within the Academy, attendance and the provision of personal development and learning programmes (the successor to PHSE).
- Partnership work has been developed further during the academic year. Fernwood continues to be a part of LEAD Urban Teaching School Alliance and Dave Rowe (deputy head) and Jo Eldridge (assistant head)

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have been working closely with Ann Witheford (strategic director of LEAD) on the vision and direction of the Alliance. School to school support is a strong feature of the vision and a number of Fernwood staff are leading training for the teaching school. Jo Eldridge, who will be working for the teaching school for ½ day a week, is establishing strong links for the English and mathematics departments with Trinity School (our neighbouring outstanding school).

- 2015 GCSE results of 71% 5 A* - C, including English and maths, represents an improvement on 2014 outcomes and was also above target. These results are particularly pleasing as the year group, although above average ability on entry, is not significantly above average. The % of students achieving a C or above in English rose from 82% to 85% whilst the % of students achieving a C or above in mathematics remained static at 77%. For both curriculum areas this was above target. Students making expected progress and exceeding expected progress in English rose to 90% and 58% respectively (from 86% and 44%). The number of students making expected progress or exceeding expected progress in mathematics fell to 71% and 28% respectively (from 74% and 39%). There have been a number of remarks requested for mathematics students. The results need to be considered against a backdrop of continued volatility in the examination system, particularly with the assessment of mathematics. We have also been informed by a Local Authority officer that the school's results are the strongest in the city.
- The year has involved significant effort in maintaining the Academy's financial position due to continuing reductions in Government funding and local factors. The fruition of this work was the approval of a balanced budget for 2015/16 with a projected surplus to carry forward into 2016/17.
- A feature of previous Annual Reports has been the regular review of management accounts for the year in question and a prompt response to Responsible Officer audit and other findings. The benefit of this approach was reaped this year as, during the year, it became apparent that without appropriate action a potential budget deficit may arise in 2016/17. As explained above this was due to a combination of reduced Government funding together with over-staffing in a number of curriculum areas. In the circumstances, therefore, a budget reduction exercise was undertaken involving the removal of surplus teaching posts in the Art and Modern Foreign Languages Faculties and a re-structuring of the Inclusion Team.
- Whilst difficult and sensitive, this exercise was well managed without the need for any compulsory redundancies. In addition to providing the necessary savings the exercise did not impair the delivery of core subjects and established an Inclusion Team better equipped to respond to the attainment issues of SEN and other disadvantaged students as referred to earlier in this section of the report.
- The practice of producing a medium term financial plan was continued, this time projecting forward to 2017/18 which identified the financial risks facing the Academy over this period. This exercise has again identified the risk of a further funding gap emerging. For this reason, all costs will continue to be monitored in a rigorous and managed manner. For example, Governors endorsed an additional exercise to reduce all operating costs (energy, repair and maintenance and any staff overtime) and also endeavour to generate additional income through increased letting of Academy premises.
- From the above narrative it is clear that the Academy faces a number of risks going forward and risk has, therefore, assumed an increased focus in the year with the Risk Register being considered and reviewed by the Finance Committee each term and adjustments being made where necessary to respond to changes.
- Last year's report indicated that the most appropriate way to deliver the finance function for the Academy would be considered further. Following this review it was decided to continue to outsource the function for a 3 year period with effect from 1st January 2016.
- The reporting year has seen the introduction of a new and more fit for purpose Academy website, which has now become the main channel of communication with parents, other stakeholders and the wider community. Improvements have also been made in communicating with parents (an issue cited as one needing improvement in the last Ofsted inspection) by the use of Parent Voice surveys, text messaging on absences and any school closures and enhanced reporting to parents on their children's progress, attainment and behaviour.
- The Governing Body continues to operate as an Own Admissions Authority, adhering to the School Admissions Code which was revised in December 2014. The Academy continues to be popular and heavily over-subscribed with applications (556 for intake in 2015/16). Although the overall number of applications was down on the 573 for 2014/15, such was the local pressure for places that not all in-catchment applications could be met. Admissions for 2015/16 were ranked in accordance with the Academy's approved admissions arrangements and the amended Code referred to above. Further internal rigour continues to be added to the process in checking applications. This applies also to in-year applications which the Trust continues to administer internally. Any appeals against admission decisions

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are processed in accordance with the 2012 School Admissions Appeals Code and the Trust contracts with Nottinghamshire County Council who provide a Clerked Appeals Service.

- Following the introduction of new performance management/pay progression arrangements for teachers last year, the Academy's Pay Policy was amended. The revised arrangements will see teachers' appraisal linked to Academy Development Plan and self-evaluation priorities and will be first applied in the 2015 autumn term.
- An audit finding from last year's report was that the Governing Body should carry out a self-review of its operation. This was conducted during the year with commitments established to making training and induction mandatory for new Governors, undertake a review of current governance arrangements in 2015/16, an acknowledgment that improvements were required in understanding data (begun in this reporting year) and communicating with stakeholders and the introduction of initial discussions on succession planning for the Governing Body.
- To complement the self-review, a Governor skills audit was undertaken in the year the outcome of which will be used to inform future Governor appointments.

c. REVIEW OF ACTIVITIES

The academy's main funding source is the General Annual Grant (GAG) received monthly from the Education Funding Agency (EFA). The academy also generates additional income through its catering operation and secondment of staff for partnership working. During the period the academy also secured capital funding to support the on-going capital works. Revenue funding is mainly used to employ educational staff and procure educational resources for the school and its pupils.

The academy's financial position at the end of the period is £9,925,509; of which £10,463,732 is restricted fixed asset funds, leaving a total deficit reserve balance of both general restricted and unrestricted funds of (£537,223); this is due to the LGPS deficit of (£1,494,000). However, the LGPS liability will not materialise in the near future and actual reserve funding available to the academy excluding the LGPS liability is £955,777, of which £514,383 is restricted funding and £441,394 is unrestricted funding.

d. INVESTMENT POLICY AND PERFORMANCE

The academy operates an investment policy that seeks to maximise returns, commensurate with a very low risk profile.

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Governors' report (continued)
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Financial review

a. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Given the nature of the academy's operations and financing, the financial risks faced by the academy are limited. The academy manages such risks by ensuring an adequate level of reserves is maintained to deal with unexpected events. The academy also carefully monitors and manages cash flow through the year including working capital requirements.

A liability of £1,494m is shown in the academy balance sheet in respect of the local government pension scheme. The academy does not expect to have to fund the deficit other than in the normal course of making contributions to the pension fund. The risk to the academy is that if the deficit increases so too will the amount of pension contributions the academy is required to make. However this risk may be mitigated by any future proposed reform of the pension scheme. The academy maintains a three year financial plan, which considers various funding scenarios and how these can be managed and planned for. The academy's risk management policy requires the governors to assess the major risks to which the trust will be exposed and consider how the risks can be managed and mitigated.

b. PRINCIPAL RISKS AND UNCERTAINTIES

Capital works

The academy requires large amounts of building and maintenance work, due to the buildings that house the academy being old and, in some cases, quite frail. It is difficult to assess what health and safety issues will emerge throughout the year and cost can build up. The building/maintenance work is continuous and can lead to disruption of pupils and staff. These risks are managed through the academy holding a large reserve and timing building/maintenance works to be scheduled for completion out of school hours and during the holidays where practical.

Funding

The Department for Education (DfE) is working towards a national funding formula for schools and has also introduced the Education Services Grant, these changes guarantee the academy will lose at a minimum 1.5% funding per pupil per annum over the medium term. The academy is mitigating this risk by holding a healthy reserve which will support the academy as the funding reduces.

Child protection and welfare issues

This is managed through having clear child protection and health and safety policies; Adherence to statutory recruitment procedures including CRB checks; child protection training for all staff; conducting external child protection and health and safety audits and implementing any recommendations. The academy employs a dedicated child protection officer and retains the services of a strategic health and safety advisor.

c. RESERVES POLICY

The academy held total reserves of £9,925,509 including £10,463,732 in fixed asset reserves.

A deficit of £979,617 has arisen on the General Restricted Fund. This is due to the deficit of £1,494,000 on the Local Government Pension Scheme ("LGPS") which is allocated to this fund. The LGPS liability will not crystallise immediately and, as a consequence, any following commentary with regard to the Restricted General Fund excludes the LGPS deficit.

The governors have set a reserves policy as follows:

- Maintain £300,000 in reserves in order to cover any unexpected urgent expenditure requirements
- Maintain sufficient reserves to cover the cost of replacing the academy's existing ICT equipment and buildings when they come to the end of their useful life.

The reserves policy excludes fixed asset reserves. It also excludes any deficit in respect of the pension liability. Balances as at 31st August 2015 exceeded those required to be held under the reserves policy.

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Governors' report (continued)
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Plans for future periods

a. FUTURE DEVELOPMENTS

In accordance with the aims and objectives of The Fernwood Academy Trust, the academy will continue to sharply focus on, and drive, improvements in the levels of performance of its students at all levels and will continue to ensure that all students progress to further and higher education.

The academy will continue to develop outstanding teaching and learning as identified by "Ofsted" April 2012 by attracting, recruiting and developing outstanding teachers and leaders. This will be achieved by further developing the school's professional development road map.

The academy will push boundaries in relation to curriculum innovation. In particular it seeks to focus on the use of new technology to expand the areas of science, engineering, maths and computing.

The specific focus for 2015-16

- Continue to improve outcomes for all students with a particular focus on narrowing the gap in achievement between advantaged and disadvantaged students
- Further enhance provision for, and the achievement of students who enter the school below L4 in mathematics and reading and for those students who have special educational needs and/or disabilities.
- Introduce a cashless payment process to enable parents to make online payments for school based expenditure such as lunch and trip payments.
- Continue to develop the school curriculum in light of government changes to the National Curriculum and external examinations
- Strengthen partnership work with other schools, LEAD and Nottingham Universities
- Continue to improve the fabric and condition of the building and addressing any urgent Health and Safety concerns
- Continue to review the current Published Admissions Number (PAN).

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report, incorporating the Strategic report, was approved by order of the board of governors, as the company directors, on 14/12/15 and signed on the board's behalf by:



Mr P Irons, Chair
Chair of the Governing Body



Mrs T Rees, Principal
Accounting Officer

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Governance Statement

SCOPE OF RESPONSIBILITY

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

The board of governors has delegated the day-to-day responsibility to the Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Fernwood Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' report and in the Governors' responsibilities statement. The board of governors has formally met 6 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governor	Meetings attended	Out of a possible
Mr P Irons, Chair	6	6
Mrs P Wilson, Vice Chair	4	6
Dr S Ahmad	5	6
Mr S Battlemuch	2	6
Ms A Cannon	2	2
Mr W Davidson	4	6
Mr P Drysdale	4	6
Mr D Fensome	0	3
Mr D Goforth	4	6
Mrs R Hudlin	6	6
Mr A Hunt	5	6
Mr A Ishaque	5	6
Mr N Jackson	6	6
Mrs E Jackson	5	6
Mrs L Kingston	1	2
Mrs T Rees, Principal	6	6
Miss A Saunders	4	6
Ms A Smart-Gosrani	5	6
Mrs S Taylor	2	6
Mr G Singh	0	1
Mr N Singh	2	6
Mr D Walker	2	6

Governance reviews:

As a single converter academy and, in accordance with the Trust's Articles of Association, the Governing Body reviews its governance structure on an annual basis.

The Governing Body agreed to undertake a skills audit exercise at its meeting in October 2014, using NGA recommended forms. Angela Saunders (a Staff Governor who is the Governing Body's training co-ordinator) produced an analysis of returns which was formally reported to the December 2014 Governing Body meeting. The analysis evidenced a Governing Body which felt that in general terms it possessed the necessary skills and experiences to meet the core duties placed on Governors. A limited number of gaps were identified which will be taken into account when the the Governing Body next seeks to fill vacancies; this is likely to be in 2016 autumn term with regard to Parent Governors.

Governors carry out training to meet their role on the Governing Body, both in school and at dedicated external courses. Angela keeps appropriate records and reports to each Governing Body meeting.

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Governance Statement (continued)

The Strategic and Financial Planning Committee is a sub-committee of the main board of governors. Part of its remit is to consider all financial management, internal control and budgeting matters and advise the Governing Body on appropriate courses of actions in relation to these matters.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr P Irons, Chair	3	3
Mr P Drysdale	1	3
Mr A Hunt	3	3
Mr N Jackson	3	3
Mrs T Rees, Principal	3	3
Mr N Singh	2	3
Mr D Walker	0	3
Mrs P Wilson	2	3

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Governance Statement (continued)

REVIEW OF VALUE FOR MONEY

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

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

- Regularly reviewing the functions of the academy and challenging how and why services are provided and setting targets and performance indicators for improvement.
- Monitoring outcomes and comparing performance with similar academies.
- Consulting appropriate stakeholders before major decisions are made; and promoting fair competition through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way.

Value for money examples:

- During the year the Trust reviewed its staffing and identified a number of curriculum areas that were overstaffed, an exercise was undertaken to remove surplus teaching posts and a restructure of the Inclusion Team was undertaken.
- Since January 2013 the Trust has outsourced its finance function, this is reviewed annually to ensure continued best value.
- External provision was reviewed during the year leading to changes in how the provision is delivered.

The Trust is committed to continued best Value for Money practice and will be reviewing the following areas in future periods:

- Introducing cashless payments
- Outsourcing the administration of uniform sales
- Ongoing review of the curriculum and its delivery

The Trust continues to strive in delivering excellent educational outcomes whilst continually reviewing Value for Money, the Trust achieved 71% 5 A* - C grades including maths and English, which was an improvement on the August 2014 results and the Trust continues to review its quality first teaching and targeted intervention.

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Governance Statement (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Fernwood Academy Trust for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of governors has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of governors.

THE RISK AND CONTROL FRAMEWORK

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

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

The board of governors has considered the need for a specific internal audit function and has decided to appoint Hobsons (Chartered Accountants) 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. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchases systems
- testing of control account/bank reconciliations
- testing of capital contracts

On a termly basis, the internal auditor reports to the board of governors on the operation of the systems of control and on the discharge of the board of governors' financial responsibilities.

The governors confirm the internal auditor has delivered their schedule of work as planned, no material control issues were identified.

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Governance Statement (continued)

REVIEW OF EFFECTIVENESS

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


- the 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 Strategic and Financial Planning Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of governors on 14/11/15 and signed on its behalf, by:



**Mr P Irons, Chair
Chair of Trustees**



**Mrs T Rees, Principal
Accounting Officer**

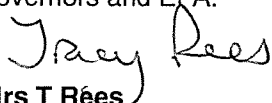
THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As accounting officer of The Fernwood Academy Trust I have considered my responsibility to notify the academy board of governors 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 and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the academy board of governors are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2014).

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



Mrs T Rées
Accounting Officer

Date: 14/11/15

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Governors' responsibilities statement
for the year ended 31 August 2015

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

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

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

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

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

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

Approved by order of the members of the board of governors on 14/12/15 and signed on its behalf by:


Mr P Irons, Chair
Chair of Trustees

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Independent auditors' report to the members of The Fernwood Academy Trust

We have audited the financial statements of The Fernwood Academy Trust for the year ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 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 GOVERNORS AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2015 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 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Independent auditors' report to the members of The Fernwood Academy Trust

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Sarah Flear (Senior statutory auditor)
for and on behalf of

Smith Cooper Limited

Chartered Accountants and Statutory Auditors

2 Lace Market Square

Nottingham

NG1 1PB

Date: 14/12/15

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to The Fernwood Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 24 August 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Fernwood Academy Trust during the year 1 September 2014 to 31 August 2015 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 The Fernwood Academy Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Fernwood Academy Trust 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 The Fernwood Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF THE FERNWOOD ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of The Fernwood Academy Trust's funding agreement with the Secretary of State for Education dated 6 April 2011, and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 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.

The work undertaken to draw to our conclusion includes:

- a review of the outcome of the 2014 regularity audit
- a review of the evidence used to support the Accounting Officer's conclusions on the Regularity Statement
- a review of the adequacy of the work of the Responsible Officer and the adequacy of the program of work
- a review of the reports prepared by the Responsible Officer during the year ended 31 August 2015
- a review of the internal control environment and whether the environment has regard to regularity of transactions. Consideration to significant changes in the control environment and whether this has led to potential weaknesses
- confirmation through enquiry and sample testing that gifts and hospitality are given and received in line with the Academy Trust's policies
- confirmation through enquiry and sample testing that the use of expense claims or credit cards and petty

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to The Fernwood Academy Trust and the Education Funding Agency (continued)

- cash adheres to internal control principles and that items are not for personal benefit
- confirmation through enquiry and sample testing that expenditure does not contravene the funding agreement
- confirmation through enquiry and sample testing that the lines of delegation and limits set both internally and by the EFA have been adhered to
- consideration to procurement and tendering procedures ensuring these have been correctly adhered to and administered
- consideration to the compliance of the Academy's delegated authorities over financial transactions and evidence of prior approval from the Secretary of State where applicable
- a review of declarations of business interests for all governors/directors and key staff
- a review of transactions with connected parties ensuring these have been completed following correct procurement and tendering procedures
- a review of meeting minutes of the various committees

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 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Smith Cooper Limited

Smith Cooper Limited
Chartered Accountants
2 Lace Market Square
Nottingham
NG1 1PB

Date: 14/12/15

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Statement of financial activities
(incorporating income and expenditure account and statement of total recognised gains and losses)
for the year ended 31 August 2015

	Note	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	-	6	31	37	9
Activities for generating funds	3	183	45	-	228	480
Investment income	4	1	-	-	1	2
Incoming resources from charitable activities	5	29	5,939	161	6,129	6,662
TOTAL INCOMING RESOURCES		213	5,990	192	6,395	7,153
RESOURCES EXPENDED						
Costs of generating funds:						
Costs of generating voluntary income		196	-	-	196	451
Charitable activities	7	-	5,870	322	6,192	6,471
Governance costs	8	-	13	-	13	20
TOTAL RESOURCES EXPENDED	6	196	5,883	322	6,401	6,942
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		17	107	(130)	(6)	211

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Statement of financial activities (continued)
for the year ended 31 August 2015

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Transfers between Funds	17 (59)	(126)	185	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR	(42)	(19)	55	(6)	211
Actuarial gains and losses on defined benefit pension schemes	-	6	-	6	93
NET MOVEMENT IN FUNDS FOR THE YEAR	(42)	(13)	55	-	304
<i>Total funds at 1 September 2014</i>	<i>483</i>	<i>(966)</i>	<i>10,409</i>	<i>9,926</i>	<i>9,622</i>
TOTAL FUNDS AT 31 AUGUST 2015	441	(979)	10,464	9,926	9,926

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

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

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)
Registered number: 07597390

Balance sheet
as at 31 August 2015

	Note	£000	2015 £000	£000	2014 £000
FIXED ASSETS					
Tangible assets	13		10,464		10,192
CURRENT ASSETS					
Stocks	14	15		19	
Debtors	15	229		249	
Cash at bank and in hand		815		1,086	
		<u>1,059</u>		<u>1,354</u>	
CREDITORS: amounts falling due within one year	16	(103)		(261)	
NET CURRENT ASSETS			<u>956</u>		<u>1,093</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>11,420</u>		<u>11,285</u>
Defined benefit pension scheme liability	23		(1,494)		(1,359)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>9,926</u>		<u>9,926</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	17	515		393	
Restricted fixed asset funds	17	10,464		10,409	
Restricted funds excluding pension liability		<u>10,979</u>		<u>10,802</u>	
Pension reserve		(1,494)		(1,359)	
Total restricted funds			<u>9,485</u>		<u>9,443</u>
Unrestricted funds	17		441		483
TOTAL FUNDS			<u>9,926</u>		<u>9,926</u>

The financial statements were approved by the Governors, and authorised for issue, on 14/11/15 and are signed on their behalf, by:

P. Irons
Mr P Irons, Chair
Chair of Trustees

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

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Cash flow statement
for the year ended 31 August 2015

	Note	2015 £000	2014 £000
Net cash flow from operating activities	19	161	108
Returns on investments and servicing of finance	20	1	2
Capital expenditure and financial investment	20	(433)	8
(DECREASE)/INCREASE IN CASH IN THE YEAR		(271)	118

Reconciliation of net cash flow to movement in net funds
for the year ended 31 August 2015

	2015 £000	2014 £000
(Decrease)/Increase in cash in the year	(271)	118
MOVEMENT IN NET FUNDS IN THE YEAR	(271)	118
Net funds at 1 September 2014	1,086	968
NET FUNDS AT 31 AUGUST 2015	815	1,086

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

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

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 Governors.

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

1.3 Incoming resources

All incoming resources are included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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.

The value of donated services and gifts in kind provided to the academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy's policies.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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.

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2015

1. ACCOUNTING POLICIES (continued)

1.4 Resources expended

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

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

Charitable activities are costs incurred in the academy's educational operations.

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

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. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Furniture and equipment	-	20% straight line
Computer equipment	-	33.3% straight line

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

**Notes to the financial statements
for the year ended 31 August 2015**

1. ACCOUNTING POLICIES (continued)

1.7 Operating leases

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

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.9 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.

1.10 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 quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	<i>Total funds 2014 £000</i>
Donations	-	37	37	9
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2015

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	<i>Total funds 2014 £000</i>
Catering income	141	-	141	135
Hire of facilities	23	-	23	19
Uniform sales	19	-	19	35
Staff consultancy	-	45	45	291
	<u>183</u>	<u>45</u>	<u>228</u>	<u>480</u>

4. INVESTMENT INCOME

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	<i>Total funds 2014 £000</i>
Bank interest	1	-	1	2
	<u>1</u>	<u>-</u>	<u>1</u>	<u>2</u>

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2015

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	<i>Total funds 2014 £000</i>
Funding for educational operations	-	5,959	5,959	6,509
School trip income	-	141	141	83
Other incoming resources	29	-	29	70
	<u>29</u>	<u>6,100</u>	<u>6,129</u>	<u>6,662</u>

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	<i>Total funds 2014 £000</i>
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	5,505	-	5,713
Capital grants	-	161	-	485
Other DfE/EFA grants	-	239	-	239
	<u>-</u>	<u>5,905</u>	<u>-</u>	<u>6,437</u>
Other government grants				
Special Educational Projects	-	32	-	23
Other educational funding	-	22	-	49
	<u>-</u>	<u>5,959</u>	<u>-</u>	<u>6,509</u>

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2015

6. RESOURCES EXPENDED

	Staff costs	Non Pay Expenditure		Total	<i>Total</i>
	2015	Premises	Other costs	2015	<i>2014</i>
	£000	2015	2015	£000	<i>£000</i>
		£000	£000		
Activities for generating funds	95	-	101	196	451
Costs of generating funds	95	-	101	196	451
Academy's educational operations:					
Direct costs	4,326	233	664	5,223	5,347
Allocated support costs	502	94	373	969	1,124
Charitable activities	4,828	327	1,037	6,192	6,471
Governance	-	-	13	13	20
	4,923	327	1,151	6,401	6,942

During the year there were no individual transactions exceeding £5,000 falling under the following headings:

- Ex-gratia/compensation payments
- Gifts made by the trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

THE FERNWOOD ACADEMY TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2015

7. CHARITABLE ACTIVITIES

	Total funds 2015 £000	<i>Total funds 2014 £000</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teaching and educational support staff costs	3,572	3,582
National insurance	275	281
Pension cost	479	471
Depreciation	322	345
Educational supplies	246	355
Examination fees	68	71
Staff development	14	16
Educational consultancy	66	55
Other direct costs	135	123
Technology costs	41	42
Travel and subsistence	5	6
	<hr/> 5,223	<hr/> 5,347
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support staff wages and salaries	312	337
National insurance	12	17
Pension cost	178	143
Insurance	43	51
Technology costs	12	20
Water rates	8	11
Recruitment and support	17	61
Maintenance of premises	87	93
Cleaning	7	7
Rates	25	25
Operating lease rentals	11	16
Security	-	1
Energy	91	103
Other support costs	122	201
Transport	27	19
Other occupancy costs	17	19
	<hr/> 969	<hr/> 1,124
	<hr/> 6,192	<hr/> 6,471

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8. GOVERNANCE COSTS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	<i>Total funds 2014 £000</i>
Governance Internal audit costs	-	2	2	2
Governance Auditors' remuneration	-	8	8	14
Governance Auditors' non audit costs	-	3	3	4
	<u>-</u>	<u>13</u>	<u>13</u>	<u>20</u>
	<u>-</u>	<u>13</u>	<u>13</u>	<u>20</u>

9. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015 £000	2014 £000
Depreciation of tangible fixed assets:		
- owned by the charity	322	345
Auditors' remuneration	8	13
Auditors' remuneration - non-audit	3	4
Governance Internal audit costs	2	2
Operating lease rentals:		
- plant and machinery	11	16
	<u>11</u>	<u>16</u>
	<u>11</u>	<u>16</u>

10. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £000	2014 £000
Wages and salaries	3,945	4,144
Social security costs	289	320
Other pension costs (Note 23)	670	646
	<u>4,904</u>	<u>5,110</u>
Supply teacher costs	19	57
	<u>4,923</u>	<u>5,167</u>
	<u>4,923</u>	<u>5,167</u>

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10. STAFF (continued)

b. Staff numbers

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	2015	<i>2014</i>
	No.	<i>No.</i>
Teachers	70	74
Administration and support	43	38
Management	7	8
	120	<i>120</i>
	120	<i>120</i>

c. Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2015	<i>2014</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	0	2
In the band £70,001 - £80,000	1	0
In the band £90,001 - £100,000	1	0
In the band £120,001 - £130,000	0	1
	0	<i>1</i>
	0	<i>1</i>

The 2 (2014 - 3) employees above participated in the Teachers' Pension Scheme.

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11. GOVERNORS' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 4 Governors (2014 - 3) in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to 1 Governor (2014 - 1) in respect of defined benefit pension schemes.

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

	2015	<i>2014</i>
	£000	<i>£000</i>
Mrs A Witheford (Principal) (resigned 31 August 2014)		
Remuneration	-	<i>125-130</i>
Employer's pension contributions	-	<i>15-20</i>
Mrs L Kingston (Staff Governor) (resigned 4 February 2015)		
Remuneration	15-20	<i>45-50</i>
Employer's pension contributions	0-5	<i>5-10</i>
Miss A Saunders (Staff Governor)		
Remuneration	20-25	<i>20-25</i>
Employer's pension contributions	0-5	<i>0-5</i>
Mr N Jackson (Staff Governor)		
Remuneration	35-40	<i>30-35</i>
Employer's pension contributions	5-10	<i>0-5</i>
Ms A Cannon (Staff Governor) (appointed 22 April 2015)		
Remuneration	45-50	-
Employer's pension contributions	5-10	-
Mrs T Rees, Principal (appointed 1 September 2014)		
Remuneration	90-95	-
Employer's pension contributions	10-15	-

During the year, Governors received reimbursement of expenses of £39 (2014 - £NIL).

12. GOVERNORS' AND OFFICERS' INSURANCE

The exact level of cover and cost applicable to Governors' insurance in 2015 cannot be quantified as the academy has opted into the DfE's Risk Protection Arrangement (RPA).

In 2014 in accordance with normal commercial practice the academy purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provided cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £8,144. The cost of this insurance was included in the total insurance cost.

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Notes to the financial statements
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13. TANGIBLE FIXED ASSETS

	Freehold land and buildings £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost				
At 1 September 2014	10,442	193	492	11,127
Additions	471	97	27	595
Disposals	-	-	(13)	(13)
At 31 August 2015	<u>10,913</u>	<u>290</u>	<u>506</u>	<u>11,709</u>
Depreciation				
At 1 September 2014	510	75	350	935
Charge for the year	183	50	89	322
On disposals	-	-	(12)	(12)
At 31 August 2015	<u>693</u>	<u>125</u>	<u>427</u>	<u>1,245</u>
Net book value				
At 31 August 2015	<u>10,220</u>	<u>165</u>	<u>79</u>	<u>10,464</u>
At 31 August 2014	<u>9,932</u>	<u>118</u>	<u>142</u>	<u>10,192</u>

Included in land and buildings is freehold land at valuation of £1,709,000 (2014 - £1,709,000), which is not depreciated.

The academy' transactions relating to land and buildings included:

- the acquisition of freehold buildings of £470,506 related to capital works in relation to the SEN library, heating, humanities and kitchen projects. ACMF income was received and fully utilised in acquiring these fixed assets.

14. STOCKS

	2015 £000	2014 £000
Finished goods and goods for resale	<u>15</u>	<u>19</u>

15. DEBTORS

	2015 £000	2014 £000
Trade debtors	2	38
VAT recoverable	62	102
Other debtors	15	11
Prepayments and accrued income	150	98
	<u>229</u>	<u>249</u>

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16. CREDITORS:
Amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	51	58
Other taxation and social security	-	87
Other creditors	4	20
Accruals and deferred income	48	96
	103	261
	103	261

Deferred income

		£000
Deferred income at 1 September 2014		66
Resources deferred during the year		14
Amounts released from previous years		(66)
		14
Deferred income at 31 August 2015		14

Deferred income relates to SEN grants and Inclusion Allowance income which relate to the 2015/16 academic and financial year.

17. STATEMENT OF FUNDS

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Unrestricted funds						
General Funds - all funds	483	213	(196)	(59)	-	441
	483	213	(196)	(59)	-	441
Restricted funds						
General Annual Grant (GAG)	393	5,505	(5,198)	(185)	-	515
Other DfE/EFA Grants	-	271	(271)	-	-	-
Other income	-	214	(273)	59	-	-
Pension reserve	(1,359)	-	(141)	-	6	(1,494)
	(966)	5,990	(5,883)	(126)	6	(979)
	(966)	5,990	(5,883)	(126)	6	(979)

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17. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Fixed assets transferred on conversion	7,431	-	(222)	-	-	7,209
DfE/EFA Capital Grants	2,139	161	(69)	-	-	2,231
Donations	-	31	(1)	-	-	30
Capital expenditure from GAG	839	-	(30)	185	-	994
	<u>10,409</u>	<u>192</u>	<u>(322)</u>	<u>185</u>	<u>-</u>	<u>10,464</u>
Total restricted funds	<u>9,443</u>	<u>6,182</u>	<u>(6,205)</u>	<u>59</u>	<u>6</u>	<u>9,485</u>
Total of funds	<u><u>9,926</u></u>	<u><u>6,395</u></u>	<u><u>(6,401)</u></u>	<u><u>-</u></u>	<u><u>6</u></u>	<u><u>9,926</u></u>

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

The General Annual Grant, and other DfE/EFA grants relate to government funding for the provision of education by the academy including Special Educational Needs projects.

Other restricted income relates to non-government restricted funding.

Transfers between funds relate to amounts expended on fixed assets in excess of capital funding received in the year.

The gain of £6,000 is an actuarial gain on the defined benefit pension scheme.

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 2015.

SUMMARY OF FUNDS

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
General funds	483	213	(196)	(59)	-	441
Restricted funds	(966)	5,990	(5,883)	(126)	6	(979)
Restricted fixed asset funds	10,409	192	(322)	185	-	10,464
	<u>9,926</u>	<u>6,395</u>	<u>(6,401)</u>	<u>-</u>	<u>6</u>	<u>9,926</u>

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**Notes to the financial statements
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18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Tangible fixed assets	-	-	10,464	10,464	10,192
Current assets	441	616	-	1,057	1,354
Creditors due within one year	-	(101)	-	(101)	(261)
Provisions for liabilities and charges	-	(1,494)	-	(1,494)	(1,359)
	<u>441</u>	<u>(979)</u>	<u>10,464</u>	<u>9,926</u>	<u>9,926</u>

19. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £000	2014 £000
Net incoming resources before revaluations	(6)	211
Returns on investments and servicing of finance	(1)	(2)
Depreciation of tangible fixed assets	322	345
Capital grants from DfE	(161)	(485)
Decrease/(increase) in stocks	4	(7)
Decrease in debtors	19	731
Decrease in creditors	(158)	(796)
Defined benefit pension liability - pension cost less contributions payable	61	57
Defined benefit pension liability - pension finance cost/(income)	81	54
Net cash inflow from operations	<u>161</u>	<u>108</u>

20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015 £000	2014 £000
Returns on investments and servicing of finance		
Interest received	<u>1</u>	<u>2</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(594)	(477)
Capital grants from DfE	161	485
Net cash (outflow)/inflow capital expenditure	<u>(433)</u>	<u>8</u>

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Notes to the financial statements
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21. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £000	Cash flow £000	Other non-cash changes £000	31 August 2015 £000
Cash at bank and in hand:	1,086	(271)	-	815
Net funds	1,086	(271)	-	815

22. CAPITAL COMMITMENTS

At 31 August 2015 the academy had capital commitments as follows:

	2015 £000	2014 £000
Contracted for but not provided in these financial statements	-	564

23. 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 Nottinghamshire County Council. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

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

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

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:

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23. PENSION COMMITMENTS (continued)

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

The pension costs paid to TPS in the period amounted to £690,074 (2014: £706,791).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

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 2015 was £165,000, of which employer's contributions totalled £123,000 and employees' contributions totalled £42,000. The agreed contribution rates for future years are 18% for employers and 5.5% - 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.

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23. PENSION COMMITMENTS (continued)

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £000	<i>Expected return at 31 August 2014 %</i>	<i>Fair value at 31 August 2014 £000</i>
Equities	5.80	1,159	6.50	1,058
Bonds	5.80	113	3.60	101
Property	5.80	204	5.50	165
Cash	5.80	56	2.90	62
Gilts	5.80	44	3.00	84
Other	5.80	53	-	-
Total market value of assets		<u>1,629</u>		<u>1,470</u>
Present value of scheme liabilities		<u>(3,123)</u>		<u>(2,829)</u>
(Deficit)/surplus in the scheme		<u><u>(1,494)</u></u>		<u><u>(1,359)</u></u>

The amounts recognised in the Balance sheet are as follows:

	2015 £000	<i>2014 £000</i>
Present value of funded obligations	(3,123)	<i>(2,829)</i>
Fair value of scheme assets	1,629	<i>1,470</i>
Net liability	<u><u>(1,494)</u></u>	<u><u>(1,359)</u></u>

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

	2015 £000	<i>2014 £000</i>
Current service cost	(183)	<i>(171)</i>
Interest on obligation	(115)	<i>(117)</i>
Losses on curtailments and settlements	(55)	<i>-</i>
Expected return on scheme assets	89	<i>63</i>
Total	<u><u>(264)</u></u>	<u><u>(225)</u></u>
Actual return on scheme assets	<u><u>(27)</u></u>	<u><u>(116)</u></u>

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23. PENSION COMMITMENTS (continued)

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

	2015 £000	2014 £000
Opening defined benefit obligation	2,829	2,393
Current service cost	183	171
Contributions by scheme participants	42	38
Actuarial (Gains)/losses	(68)	133
Losses on curtailments	55	-
Benefits paid	(33)	(23)
Interest cost	115	117
	<hr/>	<hr/>
Closing defined benefit obligation	3,123	2,829
	<hr/> <hr/>	<hr/> <hr/>

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

	2015 £000	2014 £000
Opening fair value of scheme assets	1,470	1,052
Actuarial gains and (losses)	(62)	226
Contributions by employer	123	114
Contributions by employees	42	38
Benefits paid	(33)	(23)
Expected return on assets	89	63
	<hr/>	<hr/>
	1,629	1,470
	<hr/> <hr/>	<hr/> <hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £285,000 (2014 - £291,000).

The academy expects to contribute £123,000 to its Defined benefit pension scheme in 2016.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015	2014
Equities	71.00 %	72.00 %
Gilts	3.00 %	6.00 %
Other bonds	7.00 %	7.00 %
Property	13.00 %	11.00 %
Cash	3.00 %	4.00 %
Other	3.00 %	- %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	4.00 %	3.90 %
Rate of increase in salaries	4.40 %	4.40 %
Rate of increase for pensions in payment / inflation	2.60 %	2.60 %
Inflation assumption (CPI)	2.60 %	2.60 %
RPI increases	3.50 %	3.40 %

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23. PENSION COMMITMENTS (continued)

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

	2015	2014
Retiring today		
Males	22.1	22
Females	25.2	25.1
Retiring in 20 years		
Males	24.2	24.1
Females	27.6	27.4

Amounts for the current and previous three periods are as follows:

Defined benefit pension schemes

	2015 £000	2014 £000	2013 £000	2012 £000
Defined benefit obligation	(3,123)	(2,829)	(2,393)	(2,070)
Scheme assets	1,629	1,470	1,052	868
Deficit	<u>(1,494)</u>	<u>(1,359)</u>	<u>(1,341)</u>	<u>(1,202)</u>
Experience adjustments on scheme liabilities	-	107	-	-
Experience adjustments on scheme assets	<u>(62)</u>	<u>226</u>	<u>81</u>	<u>18</u>

24. OPERATING LEASE COMMITMENTS

At 31 August 2015 the academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015 £000	2014 £000	2015 £000	2014 £000
Expiry date:				
Within 1 year	-	-	16	-
Between 2 and 5 years	-	-	-	16
	<u>-</u>	<u>-</u>	<u>-</u>	<u>16</u>

25. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy'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 governors has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

There were no related party transactions during the year.