
SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 12
Governance statement	13 - 16
Statement on regularity, propriety and compliance	17
Statement of Trustees' responsibilities	18
Independent auditors' report on the financial statements	19 - 20
Independent auditors' assurance report on regularity	21 - 22
Statement of financial activities incorporating income and expenditure account	23
Balance sheet	24
Statement of cash flows	25
Notes to the financial statements	26 - 45

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members

M Cutts
J Hemshall
P Gawthorpe

Trustees

M Cutts #, Chair of Trustees
J Hemshall #
P Gawthorpe #
C Beattie # (resigned 29 October 2015)
A Kilroe (appointed 3 December 2015)
R Priestley # (resigned 3 March 2016)
N Bloomer #
J Shephard
A Phillipson # (appointed 3 December 2015)
R Hattersley # (appointed 3 December 2015)
C Middleton (appointed 23 June 2016)
T Padley, Staff Trustee (appointed 3 December 2015)
E Rodgers #, Staff Trustee
R Lilley #, Principal

- trustee is a member of the Finance and General Purposes Committee

Company registered number

09250922

Company name

Sparken Hill Academy Trust

Principal and registered office

Sparken Hill, Worksop, Notts, S80 1AW

Company secretary

V Dashper

Chief executive officer

R Lilley

Senior management team

R Lilley, Principal
D Moore, Vice Principal
E Rodgers, Vice Principal

Independent auditors

Streets Audit LLP, Windsor House, A1 Business Park at, Long Bennington, Notts, NG23 5JR

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Advisers (continued)

Bankers

Lloyds Bank plc, 65-67 Bridge Street, Worksop, Notts, S80 1DH

Solicitors

Browne Jacobson LLP, Mowbray House, Castle Meadow Road, Notts, NG2 1BJ

Internal Auditor

Mrs Vickie Lievesley, 33 Woodward Avenue, Chillwell, Nottingham, NG9 6RD

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

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

The trust operates an academy for pupils aged 3 to 11 serving a catchment area in north Worksop. It has a pupil capacity of 575 and had a roll of 507 in the school census on 6 October 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The academy trust 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 trust. The trustees of Sparken Hill Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Sparken Hill Academy.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

MEMBERS' LIABILITY

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

TRUSTEES' INDEMNITIES

Sparken Hill Academy Trust has procured indemnity insurance from the Department for Education (DfE) under the Risk Protection Arrangement (RPA) to cover the liability of 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 Trust: provided that any such insurance shall not extend to (i) 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 (ii) the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as directors of the Academy Trust. Further, this Article does not authorise a Trustee to benefit from any indemnity insurance that would be rendered void by any provision of the Companies Act 2006, the Charities Act 2011 or any other provision of law.

The insurance provides cover up to £10,000,000 each and every loss.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The number of trustees shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

The members may appoint up to 1 trustee, the Governing body may appoint staff Trustees through such process as they determine. The total number of Trustees (including the Principal) who are employees of the Academy Trust shall not exceed one third of the total number of trustees.

Parent Trustees shall be elected by parents of registered pupils at the Academy. A Parent Trustee must be a parent of a pupil at the Academy at the time when he is elected.

The Governing Body shall make all necessary arrangements for, and determine all other matters relating to, an

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

election of Parent Trustees, including any question of whether a person is a parent of a registered pupil at the Academy. Any election of Parent Trustees which is contested shall be held by secret ballot.

The arrangements made for the election of a Parent Trustee shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if he prefers, by having his ballot paper returned to the Academy Trust by a registered pupil at the Academy.

Where a vacancy for a Parent Trustee is required to be filled by election, the Governing Body shall take such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, informed that he is entitled to stand as a candidate, and vote at the election, and given an opportunity to do so.

The number of Parent Trustees required shall be made up by Parent Trustees appointed by the Governing Body if the number of parents standing for election is less than the number of vacancies.

In appointing a Parent Trustee the Governing Body shall appoint a person who is the parent of a registered pupil at the Academy; or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

The Community Trustees may be appointed by the Governing Body provided that the person who is appointed as a Community Trustee is: a person who lives or works in the community served by the Academy; or a person who, in the opinion of the Governing Body is committed to the government and success of the Academy

The Trustees may not appoint an employee of the Academy Trust as a Community Trustee if the number of Trustees who are employed by the Academy Trust (including the Principal) would thereby exceed one third of the total number of Trustees.

The Partnership Trustees may be appointed by the Governing Body. The Trustees may not appoint an employee of the Academy Trust as a Partnership Trustee if the number of Trustees who are employed by the Academy Trust (including the Principal) would thereby exceed one third of the total number of Trustees.

The Trustees may appoint up to 3 Co-opted Trustees. A 'Co-opted Trustee' means a person who is appointed to be a Trustee by being Co-opted by Trustees who have not themselves been so appointed. The Trustees may not co-opt an employee of the Academy Trust as a Co-opted Trustee if thereby the number of Trustees who are employees of the Academy Trust would exceed one third of the total number of Trustees (including the Principal).

The term of office for any Trustee shall be four years, save that this time limit shall not apply to the Principal. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

Following appointment, election or co-option, new Trustees are given a tour of the academy and the chance to meet staff and pupils, they will meet other Trustees at full Trustee meetings and will be given access to minutes of past trustee meetings along with copies of policies, procedures, accounts, budget plans and any other documents that they will require to undertake their role as a trustee. The Chair and Principal have responsibility for induction and training however this will be coordinated by the Clerk to Trustees.

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

ORGANISATIONAL STRUCTURE

The Academy has defined the responsibilities of each person involved in the administration of the Academy's finances to avoid duplication or omission of functions and to provide a framework of accountability for Trustees & Staff. The financial reporting structure is as illustrated below.

The Board has overall responsibility and ultimate decision making authority for all the work of the Trust, including business planning and monitoring of budgets. The main responsibilities for the Board are prescribed in the funding agreement between the academy and the EFA and in the Academy's scheme of government.

Accounting Officer

The Principal has a role, under trustees guidance, the trusts overall amangment and staffing, however, their appointment as Accounting Officer confers specific responsibilities for financial matters. The Accounting Officer is personally responsible to Parliament, for the resources under their control, and must be able to assure Parliament and the public of high standards of probity in the management of public funds.

Board of Trustees

The board of trustees will maintain a role in determining the educational and financial priorities of the academy, ensuring that the financial resources delegated to it are used effectively and that adequate controls are maintained over these.

Finance Committee

In order to assist the board of trustees, the responsibilities (as agreed in the School Trustees Decision Planner) have been delegated to the Finance Committee.

Principal

To ensure that sound systems of internal control are in place and are implemented. To ensure that the financial administration of the academy operates in accordance with the Finance Policy. In the absence of the Principal, responsibilities outlined below will be delegated to the Vice Principal.

Chief Financial Officer / Academy Business Manager

The Accounting Officer is accountable for the trust's financial affairs, but the delivery of the detailed accounting processes will be delegated to the Chief Financial Officer/Academy Business Manager. The Chief Financial Officer will work closely with the Principal to ensure that sound systems of internal control are in place and are implemented. To ensure that the day to day financial administration of the Trust and each Academy operates in accordance with the trust Finance Policy.

Finance/Administration Team

To implement the finance policy and procedures agreed by the trust and to process financial transactions and activities in line with these. To maintain the academy's accounting system and to monitor the budget on a day to day basis. To work closely with the Chief Financial Officer and provide reports as required.

Cost Centre Budget Holders

To undertake the effective and efficient management of, and to remain accountable for, the resources delegated to them by the board of trustees/Principal.

ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

Principal Pay Progression

- At the end of the annual appraisal period the initial assessment of appraisal outcomes for the Principal will be made by an identified group of three Appraisal trustees advised as appropriate by the appointed external adviser and will contain a recommendation on pay progression;
- Final decisions about whether or not to ratify a pay progression recommendation will be made by the Finance and Personnel Committee of the Trustees, having regard to the appraisal report, assessment

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

against the relevant Leadership and Teachers' Standards, advice provided by the external adviser and relevant benchmarking information. The recommendation for pay progression will be supported by sufficient information to enable the Finance and Personnel Committee to carefully consider the recommendation. The Principal's Appraisal Trustees, supported by the advice/recommendation of the external adviser, will be responsible for advising the appropriate committee of the Trustees on its decisions.

Other Senior Leader Pay Progression

- At the end of the appraisal period the Principal will make a written pay recommendation in the teachers' annual appraisal report for consideration by the Finance and Personnel Committee;
- The Principal will consider and moderate all assessments and make recommendations for pay progression based on the criteria in paragraph 9.10 (a), (b), (c), (d) and (e) of the Academy's Pay Policy.
- Any pay appeal submitted by a Senior Leader will be considered prior to approval by the Finance and Personnel Committee;
- Following the Principal's consideration a report will be presented and considered by the Finance and Personnel Committee who will make a final decision to ratify pay decisions and determine any changes to the pay structure on behalf of the Trustees. The report presented will contain sufficient information to enable the committee to carefully consider the recommendations by the Principal. It will have regard to the appraisal report, assessment against the Teachers' Standards and consideration of pay progression criteria. The Principal supported as appropriate by the senior leadership team will be responsible for advising the Finance and Personnel Committee of the Board of Trustees on its decisions.

RELATED PARTIES AND OTHER CONNECTED ORGANISATIONS

Bassetlaw Primary Behaviour Partnership Ltd (BPBP)

The way in which Nottinghamshire County Council provides services for pupils who are at risk of exclusion has changed. Schools' Forum agreed the principle of devolving resources to Primary Behaviour Partnerships to promote collaborative working that will best meet the needs of pupils at risk of exclusion. To this end NCC have developed Primary Behaviour Partnerships.

BPBP is now in its third year of operation as a partnership but since 18 March 2016 has become a registered company (Company Number 10073212) based at Sparken Hill Academy in Worksop under the Directorship of Mr Richard Lilley (Principal at Sparken Hill Academy). This is a "without gain" role.

The local authority devolves annual funding (approx. £92,000) to the partnership to support 56 schools in the local area. These funds are held in a separate company bank account and do not form part of the Sparken Hill Academy Trust budget. Details regarding the transactions with BPBP can be found in Note 24.

OBJECTIVES AND ACTIVITIES

OBJECTS AND AIMS

The principal object and activity of the charitable company is set out in the Articles of Association. In summary it 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 and balanced curriculum. Also to promote for the benefit of individuals living in Worksop and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

OBJECTIVES, STRATEGIES AND ACTIVITIES

The aim of our school is for all children to achieve the highest standards of attainment within the school's ethos of a total commitment to the practice and principles of equal opportunities.

Children and adults of Sparken Hill Academy have equal access to every aspect of school life regardless of race, gender, sexual orientation, transgender, religion, ability or special need.

Every person is valued and discrimination is challenged. The school remains committed to the "Every Child Matters" framework and works within the Extended School's ethos.

At Sparken Hill Academy, we aim to support our learners to:

- Become independent learners who enjoy school and achieve their potential;
- Become confident in basic skills to promote their future economic wellbeing;
- Grow into confident and responsible children who make a positive contribution to the school and community;
- Make sensible choices leading to a healthy lifestyle;
- Learn how to stay safe.

Sparken Hill Academy aspires to:

- Develop appropriate skills for a rapidly changing and increasingly technological world;
- Listen to children's views and encourage them to take responsibility;
- Extend learning beyond the classroom and out of school hours;
- Give everyone the opportunity to succeed;
- Involve parents in the education of their children;
- Develop close links with our community and beyond.

PUBLIC BENEFIT

In setting the Academy Trust's objectives and planning activities the Trustees have given careful consideration to the charity commission's general guidance on public benefit.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The Academy is in the second year of operation. Sparken Hill Academy (formally Ryton Park Primary School) is a larger than average primary Academy occupying a state of the art new build that was opened in September 2011.

The school was subject to a significant re-organisation following the decision to merge another failing local primary school, New Manton Primary School. Following a decision by Cabinet on 30 July 2008 to close New Manton Primary School and enlarge Ryton Park Primary School, the enlarged school began operating on a split site from 1 January 2009. The decision to close New Manton Primary School was taken in light of the school's consistent very poor academic performance and subsequent direct intervention at ministerial level. The school had remained in the bottom 20 poorest performing primary schools in England for the previous 10 years based on Key Stage 2 outcomes. There are approximately 17,700 state primary schools in England which means that New Manton Primary School remained consistently in the bottom 0.001% by Key Stage 2 outcomes (source – NCC cabinet report).

Following extensive consultation, the school converted to Foundation status in March 2014 and latterly to Standalone Academy Status in November 2014. The school is located on the southern edge of Worksop Town and serves a predominantly socially and economically deprived area.

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

Prior to amalgamation, the former Ryton Park Primary School was judged as outstanding in its 2007 OFSTED inspection and Good with Outstanding features in Dec 2010. In 2012, the school was named in the government's top 100 most improved schools ranked 21st based on KS2 outcomes. (2009-12)

KEY PERFORMANCE INDICATORS

KS1 Results

The percentage of pupils achieving the expected standard in 2016 Key Stage 1 teacher assessments are as follows:

- Reading 70.1% (73.3% girls, 67.6% boys)
- Writing 56.7% (63.3% girls, 51.4% boys)
- Maths 67.2% (70.0% girls, 64.9% boys)
- Science 95.5% (100% girls, 91.9% boys)
- Reading, Writing & Maths 56.7% (63.3% girls, 51.4% boys)
- Reading, Writing, Maths & Science 56.7% (63.3% girls, 51.4% boys)

KS2 Results

The percentage of pupils achieving the expected standard in 2016 Key Stage 2 tests by subject are as follows:

- GPS 54.7% (67.9% girls, 44.4% boys)
- Reading 53.1% (53.6% girls, 52.8% boys)
- Maths 68.8% (67.9% girls, 69.4% boys)
- Reading, Writing & Maths 43.8% (46.4% girls, 41.7% boys)

These are new KS2 tests for 2016, therefore a comparison between this year's results and last year's results cannot be made.

Considering the starting points of many of our pupils, KS1 results demonstrate broadly national average attainment which indicates at least good progress over FS and KS1.

Attainment and Progress of pupils is recorded utilizing EAZMAG writer. Robust systems are adopted which track adequate / accelerated progress for all pupils including those deemed to be vulnerable. School policies and teaching practices ensure that at least satisfactory progress is made for all pupils.

Further analysis at all stages indicate that further focus is required with Higher Ability Pupils (HAPs) at all ages particularly in Reading.

These are both a focus of whole school appraisal targets for Academic year 2016-17.

To ensure that standards are continually raised, Trustees and the Senior Leadership Team:

- Monitor closely the progress and attainment of all pupils ensuring that all pupils, including vulnerable groups, make expected progress;
- Monitor closely the quality of Teaching and Learning across the Academy.

GOING CONCERN

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

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

FINANCIAL REVIEW

The trust held fund balances at 31 August 2016 of £7,325,401, comprising £65,123 of restricted funds, a fixed asset reserve of £9,081,468, a pension reserve deficit of £2,326,000 and £504,810 of unrestricted general funds.

Most of the trust's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds (non fixed assets) in the statement of financial activities.

During the year ended 31 August 2016, total expenditure of £2,528,1721 was less than recurrent restricted grant funding from the EFA together with other restricted incoming resources. The excess of income over expenditure for the period was £38,467.

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention as the amount of carry forward is restricted. In the period under review there was no GAG carried forward. Another key financial performance indicator is staffing costs as a percentage of recurrent income. For 2016 this was 84.3% and this will be monitored in future periods.

The trust's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Trust's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the academy balance sheet shows a net liability of £2,326,000.

Detail is still awaited on future funding from 2016 onwards. Pupil members are expected to remain stable.

RESERVES POLICY

The Academy Directors/Trustees consider the level of reserves the academy holds. Levels of reserves which are too high tie up money which should be spent on current academy activities. Levels of reserves which are too low may put the future activities of the academy at risk.

The academy's reserves policy:

- Assists in strategic planning by considering how new projects or activities will be funded;
- Informs the budget process by considering whether reserves need to be used during the financial year or built up for future projects;
- Informs the budget and risk management process by identifying any uncertainty in future income streams.

During the financial year the trustees identify:

- When reserves are drawn on, so that they understand the reasons for this and can consider what corrective action, if any, needs to be taken;
- When reserve levels rise significantly above target so that they understand the reasons and can consider the corrective action, if any that needs to be taken;
- Where the reserves level is below target, and consider whether this is due to short-term circumstance or longer term reasons which might trigger a broader review of finances and reserves.

Development of the academy's reserves policy

When considering an appropriate level of reserves, the Directors/trustees consider:

- The risk of unforeseen emergency or other unexpected need for funds;
- Covering unforeseen day-to-day operational costs, for example employing temporary staff to cover a long-term sick absence;
- A fall in a source of income, such as lettings;

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

- Planned commitments, or designations, that cannot be met by future income alone, for example plans for a major capital project;
- The need to fund potential deficits in a cash budget, for example money may need to be spent before a funding grant is received;
- The financial risks identified determine the amount of reserves the academy targets to hold.

In-year reports to Directors:

- Compare the amount of reserves held with the target amount or target range set for reserves;
- Explain any shortfall or excess in reserves against target set;
- Explain any action being taken or planned to bring reserves into line with target.

At 31 August 2016, free reserves held amount to £504,810 and restricted general funds amount to £65,123.

The amount of funds which can only be realised by disposing of tangible fixed assets amounted to £9,081,468.

The pension fund is in deficit by £2,326,000.

Total funds at 31 August 2016 amount to £7,325,401, and the balance on restricted general funds plus unrestricted general funds at 31 August 2016 results in a net surplus of £569,933.

INVESTMENT POLICY

The purpose of this policy is to ensure that any surplus funds are invested well so that they achieve the best financial returns with the minimum risk. Good financial returns mean that more money can be spent on educating pupils.

Adequate cash balances must be maintained to ensure that there are always sufficient funds in the schools current account to cover financial commitments such as payroll and day to day expenses. If there is a surplus of funds after all financial commitments have been considered, this surplus can be invested.

Funds should be invested in tranches of up to £25,000. It may be beneficial to invest each tranche with a different financial institution. Funds, and any interest they earn, will be automatically be reinvested, unless they are required for immediate or anticipated expenditure.

PRINCIPAL RISKS AND UNCERTAINTIES

A risk register has been compiled and identifies the main risks that the academy is exposed to. For each of these risks the impact & seriousness have been considered together with appropriate action and management plans. The risk register will undergo a full review annually although monitored regularly to avoid further or unknown risks.

Financial risks are considered as part of this process, the academy is largely reliant on continued government funding through the Education Funding Agency (EFA) and also the Local Authority (LA). The grant issued from the EFA is received monthly in advance, cash flow monitoring is undertaken to ensure sufficient funds are available to maintain staffing, resources and compliance.

The Local Government Pension Scheme deficit is managed as far as contributions made to actuaries with the actuary report; professional advice taken suggests there is no immediate requirement to settle the liability.

Although there has been a downward trend in pupil numbers on roll since October 2011, since conversion to academy these started to increase and have continued to rise over the past twelve months. Data suggests that these will continue to rise over the following twelve month period.

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

PLANS FOR FUTURE PERIODS

The Academy has accrued capital reserves prior to conversion (unrestricted) in order to expand the school to include a Family Support Base. The principle function of this base is to facilitate a pre-existing (expanded) team of Family Support Workers within the school to aid parents of pupils and pupils individually. This includes a newly appointed dedicated Safeguarding Officer. Work includes delivery of parenting courses (123 Magic, Strengthening Families, Solihull Programme, Parent Child Game) as well as other wellbeing type development courses. The extension would also serve as a base for running all multi agency meetings.

The school vision statement was developed through consultation from stakeholders, including, all employed staff, Trustees, parents and children. It details our values, beliefs and culture that we strive to achieve.

From the vision we have developed key themes that are the drivers for our annual school improvement plan.

Standards and Achievement

- Review and reflect on the quality of teaching and learning to ensure constant improvement;
- Establish a culture of keep-up not catch up;
- Ensure high quality formative and summative assessment informs teaching;
- Strategic intervention ensures children achieve their potential;
- End of Key stage 2 standards at least achieve national average.

Leadership and Management

- We engage parents in school life and their children's learning as co-educators;
- Children's leadership skills and responsibilities as part of the school and wider community are developed and embedded;
- There is a culture of success, pride and celebration in all that we do.

Enrichment

- Children enjoy learning from first-hand experience as much as possible;
- Creative approaches to deliver our curriculum are developed;
- Opportunities are created to enhance learning through the use of the local environment;
- Global issues, National events and pertinent local issues are integrated into the curriculum;
- To continue to invest in structured play facilities particularly in Foundation Stage.

Environment and resources.

- Technology is used to drive work efficiencies and improve teaching and learning;
- To create optimum conditions for learning throughout school by investing in air conditioning for all classroom and office bases;
- A high quality fit for purpose learning environment is organised to meet the 21st century curriculum;
- Excellent financial control ensures value for money;
- High quality staff deployment, development and performance management ensures the school vision is achieved.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

No funds of this type are held.

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

AUDITOR

Insofar as the trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 1 December 2016 and signed on the board's behalf by:

M Cutts
Chair of Trustees

SPARKEN HILL ACADEMY TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that Sparken Hill 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 trustees has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Sparken Hill Academy Trust 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 3 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
M Cutts, Chair of Trustees	3	3
J Hemshall	3	3
P Gawthorpe	2	3
C Beattie	0	0
A Kilroe	2	3
R Priestley	1	1
N Bloomer	2	3
J Shephard	2	3
A Phillipson	3	3
R Hattersley	3	3
C Middleton	1	1
T Padley, Staff Trustee	1	3
E Rodgers, Staff Trustee	3	3
R Lilley, Principal	3	3

This year, the governing body has enhanced its skills base by attracting additional trustees from professional/educational backgrounds including one practicing local Primary Headteacher, one retired architect, an experienced parent trustee (ex vice-chair at another school) and one member of the local community who volunteers within the academy.

As part of governing body effectiveness reviews, an annual skills audit is undertaken by the Clerk to the Governing Body. The next planned internal (self) review of the Governing Body will be compiled and shared at Full Trustees in December 2016. Should there be any significant changes to the governing body, commissioning of an external NCTL will be considered. An action plan from this self-review is pending and includes, for example:

- Continuing to develop induction for new Trustees.
- Continuing to improving the strategic monitoring role of Trustees within the Academy.
- Enhancing Succession planning to ensure that Trustees are equipped to undertake a variety of strategic roles.

This will be reviewed annually.

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The Finance and General Purposes Committee is a sub-committee of the main board of trustees. Its purpose is to monitor, evaluate and review policy and performance in relation to financial management.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
M Cutts	4	4
J Hemshall	3	4
P Gawthorpe	4	4
C Beattie	0	1
R Hattersley	1	1
R Priestley	2	3
N Bloomer	3	4
A Phillipson	1	1
E Rodgers	4	4
R Lilley	4	4

The Audit Committee is also a sub-committee of the main board of trustees. Its purpose is to consider all implications of internal and external audit and to action all relevant recommendations.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
M Cutts	2	2
J Hemshall	1	2
C Beattie	0	0
R Hattersley	0	1
R Priestley	0	1
N Bloomer	0	2
A Phillipson	1	1
R Lilley	2	2

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Principal 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:

- Ensuring that 3 quotes to consider best value re suppliers;
- Considering and sought out references from other educational settings regarding the effectiveness of suppliers;
- Negotiating specific discount rates for specified suppliers;
- Outsourcing 'non-LA' service providers based on cost and service provision.

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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 Sparken Hill Academy Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

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 and General Purposes 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 continued with the appointment of Mrs Vickie Lievesley 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 purchase systems to include debit card transactions;
- Testing of control account reconciliations;
- Income;
- Capital contracts;
- Accounting system;
- Financial reporting to trustees;
- Financial returns to the EFA.

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 auditor has performed their work as planned and recommendations from the internal auditor are

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

considered and appropriate action is taken in order to ensure financial control and compliance with Academy's financial handbook and the Academy Trusts Internal policies. No material control issues were reported.

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 Finance and General Purposes Committee and Audit 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 1 December 2016 and signed on their behalf, by:

M Cutts
Chair of Trustees

R Lilley
Accounting Officer

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Sparken Hill Academy Trust 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 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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

R Lilley
Accounting Officer

Date: 1 December 2016

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

The Trustees (who act as governors of Sparken Hill Academy Trust 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 on 1 December 2016 and signed on its behalf by:

M Cutts
Chair of Trustees

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SPARKEN HILL ACADEMY TRUST**

We have audited the financial statements of Sparken Hill Academy Trust 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.

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SPARKEN HILL ACADEMY TRUST**

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.

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.

Mark Bradshaw (Senior Statutory Auditor)

for and on behalf of

Streets Audit LLP

Windsor House
A1 Business Park at
Long Bennington
Notts
NG23 5JR
5 December 2016

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO SPARKEN HILL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 16 January 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Sparken Hill Academy Trust 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 Sparken Hill Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Sparken Hill Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Sparken Hill Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF SPARKEN HILL ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING AUDITORS

The accounting officer is responsible, under the requirements of Sparken Hill Academy Trust's funding agreement with the Secretary of State for Education dated 30 October 2014, 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 the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our audit work involved:

- a review of the Academy systems and controls and confirmation of their operation and effectiveness during the year;
- a detailed review of purchase transactions confirming the purpose, value for money and that appropriate tendering or quotation procedures had been followed in line with the Academy finance policy;
- and a review of the Internal Audit reports.

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.

Mark Bradshaw (Senior Statutory Auditor)

for and on behalf of

Streets Audit LLP

Windsor House
A1 Business Park at
Long Bennington
Notts
NG23 5JR

5 December 2016

SPARKEN HILL ACADEMY TRUST
(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 £
INCOME FROM:						
Transfer from local authority on conversion	2	-	-	-	-	8,877,992
Charitable activities	5	113,712	2,566,639	-	2,680,351	2,155,788
Other trading activities	3	15,843	-	-	15,843	10,619
Investments	4	600	-	-	600	347
TOTAL INCOME		130,155	2,566,639	-	2,696,794	11,044,746
EXPENDITURE ON:						
Raising funds		2,388	-	-	2,388	-
Charitable activities		117,998	2,624,172	208,597	2,950,767	2,350,984
TOTAL EXPENDITURE	7	120,386	2,624,172	208,597	2,953,155	2,350,984
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	16	9,769 (54,961)	(57,533) (16,627)	(208,597) 71,588	(256,361) -	8,693,762 -
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES						
		(45,192)	(74,160)	(137,009)	(256,361)	8,693,762
Actuarial losses on defined benefit pension schemes	22	-	(1,101,000)	-	(1,101,000)	(11,000)
NET MOVEMENT IN FUNDS		(45,192)	(1,175,160)	(137,009)	(1,357,361)	8,682,762
RECONCILIATION OF FUNDS:						
Total funds brought forward		550,002	(1,085,717)	9,218,477	8,682,762	-
TOTAL FUNDS CARRIED FORWARD		504,810	(2,260,877)	9,081,468	7,325,401	8,682,762

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 09250922

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	12		9,081,468		9,226,459
CURRENT ASSETS					
Stocks	13	15,321		10,383	
Debtors	14	191,885		175,097	
Cash at bank and in hand		579,052		481,342	
			786,258	666,822	
CREDITORS: amounts falling due within one year	15	(216,325)		(81,519)	
NET CURRENT ASSETS			569,933		585,303
TOTAL ASSETS LESS CURRENT LIABILITIES			9,651,401		9,811,762
Defined benefit pension scheme liability	22		(2,326,000)		(1,129,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			7,325,401		8,682,762
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	16	65,123		43,283	
Restricted fixed asset funds	16	9,081,468		9,218,477	
Restricted funds excluding pension liability		9,146,591		9,261,760	
Pension reserve		(2,326,000)		(1,129,000)	
Total restricted funds			6,820,591		8,132,760
Unrestricted funds	16		504,810		550,002
TOTAL FUNDS			7,325,401		8,682,762

The financial statements were approved by the Trustees, and authorised for issue, on 1 December 2016 and are signed on their behalf, by:

M Cutts
Chair of Trustees

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

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	year ended 31 August 2016 £	period ended 31 August 2015 £
Cash flows from operating activities			
Net cash provided by operating activities	18	160,716	542,734
Cash flows from investing activities:			
Dividends, interest and rents from investments		600	347
Purchase of tangible fixed assets		(63,606)	(61,739)
Net cash used in investing activities		(63,006)	(61,392)
Change in cash and cash equivalents in the year		97,710	481,342
Cash and cash equivalents brought forward		481,342	-
Cash and cash equivalents carried forward		579,052	481,342

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

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.

Sparken Hill Academy Trust constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Sparken Hill Academy Trust 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 Sparken Hill Academy Trust 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.

Reconciliations to previous UK GAAP for the comparative figures are included in note 26.

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.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 Education Funding Agency.

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

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 incorporating income and expenditure account 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 incorporating income and expenditure account 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 incorporating income and expenditure account 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 is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

Charitable activities and Governance costs are costs incurred on the academy's educational operations, including support costs and costs relating to the governance of the academy apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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..

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 incorporating income and expenditure account 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 incorporating income and expenditure account. 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 not charged on freehold land. 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:

Freehold property	-	2% straight line (buildings only)
Motor vehicles	-	20% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	33% straight line

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 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.

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

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 of three months or less from the date of acquisition or opening of the deposit or similar account.

1.12 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy 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. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 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.

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

1.14 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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 judgement:

There have been no judgements that the trustees have made in the process of applying the entity's accounting policies that have made a significant effect on the amounts recognised in the financial statements.

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

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 from local authority on conversion	-	-	-	-	8,877,992

In 2015, of the total income from donations and capital grants, £605,242 was to unrestricted funds and £8,272,750 was to restricted funds

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Sale of goods	3,588	-	3,588	-
Catering	793	-	793	-
Hire of facilities	11,462	-	11,462	10,619
	<u>15,843</u>	<u>-</u>	<u>15,843</u>	<u>10,619</u>

In 2015, of the total income from other trading activities, £10,619 was to unrestricted funds and £ NIL was to restricted funds.

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	600	-	600	347

In 2015, of the total investment income, £ 347 was to unrestricted funds and £ NIL was to restricted funds.

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	<i>Total funds 2015 £</i>
DfE/EFA grants				
General Annual Grant (GAG)	-	1,951,032	1,951,032	1,664,006
Other DfE/EFA grants	-	338,909	338,909	265,971
	<u>-</u>	<u>2,289,941</u>	<u>2,289,941</u>	<u>1,929,977</u>
Other government grants				
Local authority grants	-	232,168	232,168	124,070
	<u>-</u>	<u>232,168</u>	<u>232,168</u>	<u>124,070</u>
Other funding				
Other income	113,712	44,530	158,242	101,741
	<u>113,712</u>	<u>44,530</u>	<u>158,242</u>	<u>101,741</u>
	<u>113,712</u>	<u>2,566,639</u>	<u>2,680,351</u>	<u>2,155,788</u>

In 2015, of the total income from charitable activities, £102,731 was to unrestricted funds and £2,053,057 was to restricted funds.

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

6. CHARITABLE ACTIVITIES

	2016 £	2015 £
DIRECT COSTS		
Wages and salaries	1,203,922	1,037,582
National insurance	92,944	67,653
Pension cost	196,227	154,416
Depreciation	26,341	19,877
Other direct costs	206,316	142,939
	<u>1,725,750</u>	<u>1,422,467</u>
SUPPORT COSTS		
Wages and salaries	349,008	313,808
National insurance	14,881	11,802
Pension costs	104,540	85,570
Depreciation	182,256	143,153
Technology costs	29,997	29,025
Premises costs	224,681	124,392
Other support costs	288,821	169,024
Governance costs	30,833	51,743
	<u>1,225,017</u>	<u>928,517</u>
	<u><u>2,950,767</u></u>	<u><u>2,350,984</u></u>

7. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on fundraising trading	-	-	2,388	2,388	-
Charitable activities:					
Direct costs	1,493,093	-	232,657	1,725,750	1,422,467
Support costs	468,429	224,681	531,907	1,225,017	928,517
	<u>1,961,522</u>	<u>224,681</u>	<u>766,952</u>	<u>2,953,155</u>	<u>2,350,984</u>

In 2016, of the total expenditure, £120,386 (2015 - £111,815) was to unrestricted funds and £2,832,769 (2015 - £2,239,169) was to restricted funds.

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	year ended 31 August 2016 £	<i>period ended</i> <i>31 August</i> <i>2015</i> <i>£</i>
Depreciation of tangible fixed assets:		
- owned by the charity	208,597	<i>163,030</i>
Operating lease rentals	8,149	<i>7,992</i>
Auditor's remuneration	5,575	<i>6,075</i>
	=====	<i>=====</i>

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

9. STAFF COSTS

Staff costs were as follows:

	year ended 31 August 2016 £	<i>period ended 31 August 2015 £</i>
Wages and salaries	1,478,979	1,349,666
Social security costs	107,825	79,455
Operating costs of defined benefit pension schemes	300,767	239,986
	<u>1,887,571</u>	<u>1,669,107</u>
Supply teacher costs	73,951	1,724
	<u><u>1,961,522</u></u>	<u><u>1,670,831</u></u>

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

	year ended 31 August 2016 No.	<i>period ended 31 August 2015 No.</i>
Teachers	22	23
Administration and support	74	86
Management	1	1
	<u>97</u>	<u>110</u>

Average headcount expressed as a full time equivalent:

	year ended 31 August 2016 No.	<i>period ended 31 August 2015 No.</i>
Teachers	21	21
Administration and support	52	44
Management	1	1
	<u>74</u>	<u>66</u>

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

	year ended 31 August 2016 No.	<i>period ended 31 August 2015 No.</i>
In the band £60,001 - £70,000	0	1
In the band £80,001 - £90,000	1	0

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

The above employee participated in the Teachers' Pension Scheme.

The key management personnel of the academy trust comprise the trustees and the senior management team listed on Page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £222,921 (2015 - £180,090).

10. TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 3 Trustees (2015 - 2) in respect of defined benefit pension schemes.

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

		year ended 31 August 2016 £	<i>period ended 31 August 2015 £</i>
R Lilley, Head Teacher	Remuneration	80,000-85,000	<i>65,000-70,000</i>
	Pension contributions paid	10,000-15,000	<i>10,000-15,000</i>
A Buffery, Staff Trustee	Remuneration	nil	<i>20,000-25,000</i>
	Pension contributions paid	nil	<i>0-5,000</i>
E Rogers, Staff Trustee	Remuneration	50,000-55,000	<i>nil</i>
	Pension contributions paid	5,000-10,000	<i>nil</i>
T Padley, Staff Trustee	Remuneration	10,000-15,000	<i>nil</i>
	Pension contributions paid	0-5,000	<i>nil</i>

During the year ended 31 August 2016, expenses totalling £286 (2015 - £NIL) were reimbursed to 2 Trustees (2015 - 0).

11. TRUSTEES' AND OFFICERS' INSURANCE

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

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

12. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2015	9,210,395	16,500	65,506	97,088	9,389,489
Additions	-	15,550	39,853	8,203	63,606
At 31 August 2016	9,210,395	32,050	105,359	105,291	9,453,095
Depreciation					
At 1 September 2015	129,000	2,750	5,099	26,181	163,030
Charge for the year	155,064	4,508	14,728	34,297	208,597
At 31 August 2016	284,064	7,258	19,827	60,478	371,627
Net book value					
At 31 August 2016	8,926,331	24,792	85,532	44,813	9,081,468
At 31 August 2015	9,081,395	13,750	60,407	70,907	9,226,459

Included in freehold property is freehold land at valuation of £1,457,000 which is not depreciated.

13. STOCKS

	2016 £	2015 £
Catering	1,205	902
Uniform	14,116	9,481
	<u>15,321</u>	<u>10,383</u>

14. DEBTORS

	2016 £	2015 £
Trade debtors	11,020	7,263
Other debtors	71,192	64,596
Prepayments and accrued income	109,673	103,238
	<u>191,885</u>	<u>175,097</u>

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

15. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	85,647	44,628
Other taxation and social security	31,161	-
Other creditors	29,843	100
Accruals and deferred income	69,674	36,791
	<u>216,325</u>	<u>81,519</u>
	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	13,001	-
Resources deferred during the year	54,029	13,001
Amounts released from previous years	(13,001)	-
	<u>54,029</u>	<u>13,001</u>
Deferred income at 31 August 2016	<u>54,029</u>	<u>13,001</u>

Deferred income relates to Universal Infant Free School Meals funding, local authority grants and other income for the 2016/17 academic year.

16. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	550,002	130,155	(120,386)	(54,961)	-	504,810
	<u>550,002</u>	<u>130,155</u>	<u>(120,386)</u>	<u>(54,961)</u>	<u>-</u>	<u>504,810</u>
Restricted funds						
General Annual Grant (GAG)	-	1,895,533	(1,895,533)	-	-	-
Other EFA Grants	43,283	394,408	(355,941)	(16,627)	-	65,123
LA Grants	-	232,168	(232,168)	-	-	-
Other Activities	-	44,530	(44,530)	-	-	-
Pension Reserve	(1,129,000)	-	(96,000)	-	(1,101,000)	(2,326,000)
	<u>(1,085,717)</u>	<u>2,566,639</u>	<u>(2,624,172)</u>	<u>(16,627)</u>	<u>(1,101,000)</u>	<u>(2,260,877)</u>

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

16. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Transfer from						
Former School	9,167,260	-	(192,588)	-	-	8,974,672
Capital expenditure						
from GAG	51,217	-	(11,233)	-	-	39,984
Other DfE/EFA						
Grants	-	-	(1,225)	16,627	-	15,402
Other income	-	-	(3,551)	54,961	-	51,410
	9,218,477	-	(208,597)	71,588	-	9,081,468
Total restricted funds	8,132,760	2,566,639	(2,832,769)	54,961	(1,101,000)	6,820,591
Total of funds	8,682,762	2,696,794	(2,953,155)	-	(1,101,000)	7,325,401

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

Unrestricted funds

Unrestricted funds represent both those resources, as well as funds transferred to the academy from the Local Authority upon conversion, which may be used towards meeting any of the objectives of the academy at the discretion of the trustees. These are not currently designated for particular purposes.

Restricted fixed asset funds

Transfer from former school represents the buildings and assets transferred to the academy from the Local Authority upon conversion.

Capital expenditure from GAG, Other DfE/EFA Grants and Other Income all represent fixed asset expenditure transferred from other restricted income.

Restricted revenue funds

General Annual Grant (GAG) is made up of a number of different funding streams, all of which are used to cover the running costs of the academy.

Other EFA Grants represent other restricted funding which does not form part of the GAG funding.

Local Authority Grants represents restricted funding received from the local authority towards the running costs of the academy.

Pension Reserve represents the current deficit balance of the Local Government Pension Scheme (LGPS).

Transfers between funds represent the use of recurrent income being used to fund capital expenditure.

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.

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

17. 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	-	-	9,081,468	9,081,468	9,226,459
Current assets	504,810	281,448	-	786,258	666,822
Creditors due within one year	-	(216,325)	-	(216,325)	(81,519)
Provisions for liabilities and charges	-	(2,326,000)	-	(2,326,000)	(1,129,000)
	<u>504,810</u>	<u>(2,260,877)</u>	<u>9,081,468</u>	<u>7,325,401</u>	<u>8,682,762</u>

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

	year ended 31 August 2016 £	period ended 31 August 2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(256,361)	8,693,762
Adjustment for:		
Depreciation charges	208,597	163,030
Dividends, interest and rents from investments	(600)	(347)
Increase in stocks	(4,938)	(10,381)
Increase in debtors	(16,788)	(175,098)
Increase in creditors	134,806	81,518
Defined benefit pension scheme cost less contributions payable	53,000	40,000
Defined benefit pension scheme finance cost	43,000	23,000
Net (loss) on assets and liabilities from local authority on conversion	-	(8,272,750)
Net cash provided by operating activities	<u>160,716</u>	<u>542,734</u>

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	year ended 31 August 2016 £	period ended 31 August 2015 £
Cash in hand	579,052	481,342
Total	<u>579,052</u>	<u>481,342</u>

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

20. CONTINGENT LIABILITIES

The Academy had no contingent liabilities at 31 August 2016.

In the event of Sparken Hill Academy Trust ceasing to operate as an academy provisions are included in the funding agreement relating to the clawback of assets and monies paid to the academy.

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	-	4,972

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 Nottinghamshire County Council. Both are Multi-employer 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 £29,839 were payable to the schemes at 31 August 2016 (2015 - £nil) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 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:

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

22. 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 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 £117,035 (2015 - £90,243).

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).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £173,000 (2015 - £145,000), of which employer's contributions totalled £131,000 (2015 - £110,000) and employees' contributions totalled £42,000 (2015 - £35,000). The agreed contribution rates for future years are 18.3% for employers and 5 to 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.
Nottinghamshire County Council Pension Fund

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	4.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

22. 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:

	2016	2015
Retiring today		
Males	22.1	22.1
Females	25.3	25.2
Retiring in 20 years		
Males	24.4	24.2
Females	27.7	27.6

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

	Fair value at 31 August 2016 £	<i>Fair value at 31 August 2015 £</i>
Equities	947,000	741,000
Debt instruments	203,000	134,000
Property	166,000	131,000
Cash	58,000	36,000
Total market value of assets	1,374,000	1,042,000

The actual return on scheme assets was £45,000 (2015 - £4,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	year ended 31 August 2016 £	<i>period ended 31 August 2015 £</i>
Current service cost (net of employee contributions)	(184,000)	(150,000)
Net interest cost	(43,000)	(23,000)
Total	(227,000)	(173,000)

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

22. PENSION COMMITMENTS (continued)

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

	year ended 31 August 2016 £	period ended 31 August 2015 £
Opening defined benefit obligation	2,171,000	-
Upon conversion	-	1,918,000
Current service cost	184,000	150,000
Interest cost	88,000	69,000
Contributions by employees	42,000	35,000
Actuarial losses	1,219,000	1,000
Benefits paid	(4,000)	(2,000)
	<u>3,700,000</u>	<u>2,171,000</u>
Closing defined benefit obligation	<u>3,700,000</u>	<u>2,171,000</u>

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

	year ended 31 August 2016 £	period ended 31 August 2015 £
Opening fair value of scheme assets	1,042,000	-
Upon conversion	-	863,000
Return on plan assets (excluding net interest on the net defined pension liability)	45,000	46,000
Actuarial gains and (losses)	118,000	(10,000)
Contributions by employer	131,000	110,000
Contributions by employees	42,000	35,000
Benefits paid	(4,000)	(2,000)
	<u>1,374,000</u>	<u>1,042,000</u>
Closing fair value of scheme assets	<u>1,374,000</u>	<u>1,042,000</u>

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 £
Amounts payable:		
Within 1 year	7,992	7,992
Between 1 and 5 years	12,434	20,426
	<u>20,426</u>	<u>28,418</u>
Total	<u>20,426</u>	<u>28,418</u>

SPARKEN HILL ACADEMY TRUST
(A company limited by guarantee)

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

24. 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 the trust 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.

ND Services Limited is a business owned by the spouse to the Chief Financial Officer. Transactions during the year amount to £21,302 (2015 - £9,816) with no amounts outstanding at the year end. This supplier is used due to their competitive prices for the service provided in local area. A value for money exercise is completed regularly to ensure best value is obtained.

Bassetlaw Primary Behaviour Partnership (BPBP) is a not for profit company in which R Lilley, the Principal, is a member and director. The academy recharge rent and staff costs to BPBP at market rate, and during the year this amounted to £22,098 (2015 - £nil) with no amounts outstanding at the year end. All transactions are at arms length.

25. MEMBERS' LIABILITY

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

26. 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 November 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.