

**Stratton Education Trust
(A Company Limited by Guarantee)**

Consolidated Financial Statements

Year ended 31 August 2016

**Company Registration Number:
07798627 (England and Wales)**

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for the Year Ended 31 August 2016**

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Reference and Administrative Details

Trustees & Members

Mr James Booth - resigned August 2016
Mr Andrew Field
Mr Nigel Lillywhite
Mrs Madeline Russell
Mr Robert Watson

Governors

Mrs Madeline Russell (Trust) (Chairman)
Ms Alaine Anderson (Staff)
Mr James Birkett (Staff, ex officio)
Mr Ian Bond (Co-opted)
Mr James Booth (Trust) – resigned August 2016
Mr Andrew Field (Trust)
Mr Tudor Fox (Parent) – retired August 2016
Mr Andrew Goodyer (Parent) – resigned July 2016
Mr Phillip Howard (Parent)
Ms Vicky Jenkins (Parent)
Mr Eddie Kane (Trust)
Mr Nigel Lillywhite (Parent)
Mr Simon Luxton (Staff) – resigned April 2016
Mrs Claire Neish (Parent)
Mrs Hazel Ramsay (Trust)
Mrs Emma Sunderland (Staff)
Mrs Claire Twydell (Parent) – resigned October 2015
Mrs Christina Ward (Trust) – retired August 2016
Mr Peter Ward (Staff) - retired August 2016
Mr Robert Watson (Staff, ex officio) (Executive Head and Accounting Officer)
Mr Richard Westergreen-Thorne (Co-opted)
Mr Chris Westhead (Staff)

Company Secretary

Mr Gary Waghorn

Senior Management

Ms Lesley Harper, Deputy Headteacher, Stratton Upper School
Ms Roz Hodges, Deputy Headteacher, Stratton Upper School
Miss Julie Brown, Director of Operations, Stratton Upper School
Mr Gary Waghorn, Director of Finance, Stratton Upper School
Mr Simon Bloomfield, Assistant Headteacher, Stratton Upper School
Mr Les Rockett, Assistant Headteacher, Stratton Upper School – resigned August 2016
Mrs Zoe Smith, Assistant Headteacher, Stratton Upper School – appointed September 2016

Reference and Administrative Details (cont.)

Principal and Registered Office	Eagle Farm Road Biggleswade Bedfordshire SG18 8JB
Company Registration Number	7798627 (England & Wales)
Independent Auditor	George Hay Chartered Accountants St George's House George Street Huntingdon PE29 3GH
Internal Auditor	Duncan & Toplis 15 Chequergate Louth Lincolnshire LN11 0LJ
Bankers	Lloyds Bank plc 35 High Street Biggleswade SG18 0JD
Solicitors	Stone King LLP 30 Station Road Cambridge CB1 2RE

Governors' Report

Governors' Report

The governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1st September 2015 to 31st August 2016. The company was incorporated on 5th October 2011 and started operating as an Academy on 1st February 2012. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Stratton Education Trust operates two academies, these being:

Gamlingay Village College - a middle school serving Gamlingay. This has a pupil capacity of 248 and had a roll of 123 in the school census on 6th October 2016; and

Stratton Upper School – an upper school serving Biggleswade and surrounding villages. This has a pupil capacity of 1,320 and had a roll of 1,143 in the school census on 6th 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 governance documents of the Academy Trust.

The Trustees of Stratton Education Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Stratton Education Trust.

Details of the Members and governors who served during the year are included in the Reference and Administration Details on page 1.

Members' Liability

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

Governors' Indemnities

In accordance with normal commercial practice, the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim. This cost is included in the total insurance cost.

Method of Recruitment and Appointment or Election of Governors

Governors other than the Executive Headteacher are in office for a period of four years.

Nominations for Parent Governors are sought from the parents and carers of students within the Stratton Education Trust member schools. Should nominations for the vacancies be equal to the number of vacancies, the nominees will be deemed to be elected. In the event there are more nominees than vacancies, an election will be held with all parents and carers eligible to vote.

Nominations for Staff Governors are sought from the staff of Stratton Education Trust member schools. Should nominations for the vacancies, be equal to the number of vacancies the nominees will be deemed to be elected. In the event there are more nominees than vacancies, an election will be held with all staff eligible to vote.

Trust Governors are appointed by the Governing Body.

Policies and Procedures adopted for the Induction and Training of Governors and Trustees

The training and induction provided for new Governors and Trustees depends on their existing experience. Induction tends to be informal and is tailored specifically to the individual. Training requirements are subject to on-going review.

Governors are provided with an Induction Pack which includes:

- A Guide to the Law for School Governors
- Academies Financial Handbook
- Stratton Education Trust Gifts and Hospitality Policy
- Whistleblowing Policy

Governor training is undertaken at Developmental meetings and has included:

- Safeguarding
- Whole School Improvement Plan
- Interpretation of the data provided to Governors, including examination results analysis.

Organisational Structure

The Trustees and governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Trust performance and making major decisions about the strategic direction of the schools' capital expenditure and senior staff appointments.

The Senior Leadership Teams of the Trust consist of the Executive Headteacher, Deputy Headteachers, (one of whom is designated Headteacher at Gamlingay Village College) and the non-teaching Director of Operations and Director of Finance. These 9 posts constitute the Trust's Senior Leadership Team. One colleague is based solely at Gamlingay Village College whilst four are based solely at Stratton Upper School. The remaining four, including the Executive Headteacher, have roles that span both schools.

The Executive Headteacher is also the accounting officer of the Trust. The senior leadership teams are responsible for the professional leadership and the governors' strategic intent through developing and implementing the policies laid down by the governors and reporting back to them. A middle management tier of leadership includes Heads of Faculty, Heads of Departments and Pastoral Leaders. Some spending control is devolved to members of the middle leadership team.

The aim of the leadership structure is to encourage involvement in decision making at all levels through promoting accountability, responsibility and professional autonomy in the performance of leaders duties in support of the governors' strategic intent.

Arrangements for setting pay and remuneration of key management personnel

Stratton Education Trust uses national pay scales for both teaching and support staff. Senior teaching staff are appointed on grades within the relevant section of the Leadership pay scales.

Senior non-teaching staff are appointed on grades set after consultation with our Human Resources advisor (currently EPM) to ensure that grades are both appropriate for the role and to enable benchmarking to take place.

Pay is reviewed annually taking into account performance during the previous year and agreed by the Pay Committee before being implemented.

Related Parties and Connected Charities and Organisations

Stratton Education Trust is an outward facing organisation that seeks to play a full role in sharing and developing excellent practice.

Our connected organisations include:

- The Biggleswade Community Union of Schools (BCUS) an association of all education providers in our area, dedicated to seamless education from 0-19;
- Central Bedfordshire Upper and Secondary Heads Group;
- Central Bedfordshire Teaching School;
- The Academy of Central Bedfordshire, an alternative provision Free School established by the Central Bedfordshire Upper and Secondary Heads Group;
- Cambridge University, Department of Education;
- Cambridge Secondary Heads Association; and
- Stratton Learning Partnership, our own organisation providing training opportunities to over 20 schools.

Objectives and Activities

Object and Aims

The Trust's Object 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 schools (the Academies) offering a broad and balanced curriculum' (taken from the Memorandum of Association).

The Aims of Stratton Upper School are:

- To be a successful learning organisation with a commitment to the continuous development of all our students, staff and resources
- To foster positive relationships within the school and the community, to encourage self-esteem, dignity and respect for others
- To provide a curriculum, facilities and resources which enable every individual to develop to her/his full potential and become a valuable member of society
- To exploit the unique nature of Stratton School to achieve personal excellence for all
- To provide a safe, welcoming and stimulating environment in which everyone can work in harmony and with purpose

Objectives, Strategies and Activities

The overall priorities for the Trust are identified in the "Whole Trust Improvement Plan". This document is closely allied to the fulfilment of the Trusts objectives. Within the document differing priorities emerge at a school level which takes into account the varying circumstances that can exist between institutions, particularly when serving different age ranges.

At Stratton Upper School the key objectives adopted following on from the 2015 Ofsted inspection. They were to:

- Raise attainment and progress across English and maths
- To rapidly improve pupil attainment and progress within key stage 4 science, including our main offer of core and additional programs and also within the separate sciences of chemistry and physics
- Improve attainment in ICT and Dance;
- To ensure progress of disadvantaged pupils is raised to be in line with the levels attained across the school at key stage 4 and
- In 2015/16 no individual subject to be more than ALPS 5

Strategies included:

- Support departmental leadership in holding staff to account for the progress within the teaching groups through rigorous monitoring of pupils' work assessed against exam criteria
- Reinforce achievement and aspiration through targeted use of performance management
- Leaders pay careful attention to emerging patterns of underperformance across teaching sets and intervene
- Review practice for supporting disadvantaged students within learning support
- All colleagues plan for the needs of learners from differing groups, especially disadvantaged pupils; and
- Identify Alps +1 as the default target grade for each student across all subjects, develop approaches to differentiation within 6 form teaching, particularly focusing on helping students access grades A*-B at A2, A- B at AS and distinction/distinction + at BTEC

At Gamlingay Village College the key objectives were to:

- continue our relentless drive to raise standards of the teaching of literacy and numeracy particularly at Key Stage 2; and
- embed the newly introduced curriculum model with its emphasis on different pedagogical methods applied at Key Stage 2 and Key Stage 3.

The Trust prepared and consulted on a number of detailed policies and guidelines to further develop good practice. These were adopted formally from 1st September 2014.

- Assessment and Marking
- Performance management
- Pay Policy

Public Benefit

The Trustees have had regard to the Charity Commission's public benefit guidance, by providing education to the pupils within our schools.

In addition, we share best practice in teaching through our links with other schools. We are part of a Teaching School so work to train new teachers. Stratton is part of the Biggleswade Community Union of Schools, where we address joint issues and share ideas.

The Trust believes that schools should be at the heart of their community. Both schools have sports facilities which are open to the public for use outside of school hours.

We have continued to build successful relationships with our community. We host some adult learning provision and successfully let our sports centre out to clubs and other hirers. Sports Centre lettings proved especially successful with over 50 regular hirers. This meant that the facility ran at close to full capacity and generated sufficient income to support significant redevelopment of the area, including new flooring to the large Sports Hall.

We also have a farm at Stratton Upper School which is used not only by our own students but also those from other schools in the area. This enables us to offer experiences to young people which they would not otherwise have. Students prepare hanging baskets and containers for sale to the community and we, in addition, produce our own honey, eggs and meat products.

Produce from the Farm was sold on a weekly basis throughout the year though our two peak areas for activity are the Spring Open Day (with its focus on plant sales) and Christmas Turkeys. The value of the Farm as an essential part of our community and curriculum offer remains as strong as ever.

Many of our regular community activities continued through the year including our active Interact Club, Operation Christmas Child and contributions to key national events such as Children in Need.

At Stratton Upper School an ambitious production of "The Tempest" played to packed houses. Pupils relished the opportunity to test themselves and exceeded all expectations.

Strategic Report

Achievements and Performance

The academic year 2015/16 was a significant milestone. Following on from Stratton Upper School being judged to be a "Good" school following a full Ofsted inspection in April 2015, June saw Gamlingay Village College also judged to be 'Good' by Ofsted.

Significant improvements were made to the rigour applied to triangulating monitoring activities designed to ensure continued school improvement. Staff were increasingly held to account for the impact they had on learning. For a small minority this was a challenging experience, but for the majority an empowering validation of their professional skill.

Key Performance Indicators

Key Stage 2

Students attaining 100+ in Writing = 78% (above national average, 74%)

Students attaining 100+ in Reading = 66% (at national average, 66%)

Students attaining 100+ in Spelling, Punctuation and Grammar = 66% (below national average, 72%)

Students attaining 100+ in Maths = 73% (above national average, 70%)

Students attaining 100+ in Reading, Writing and Maths = 59% (above national average, 53%)

Key Stage 4

Students achieving 5 A* - C grades with English and Maths = 55% (compared to 50% in 2015)

Students making more than 3 levels of progress in English = 77% (compared to 66% in 2015)

Students making more than 4 levels of progress in English = 41% (compared to 21% in 2015)

Students making more than 3 levels of progress in Maths = 71% (compared to 68% in 2015)

Students making more than 4 levels of progress in Maths = 30% (compared to 28% in 2015)

Key Stage 5

At A2 we were pleased to achieve more than 49% of students gaining A*- B grades. 78% of grades were A*-C.

We are also pleased to note that 93% of our students moving to higher education were successful in gaining their first choice placement. A higher proportion of students from our Sixth Form attend Russell Group universities, compared to the national level.

Stratton Sixth Form's outcomes place it in the top 30% for progress nationally.

We remain a popular choice for students at of all ages. Although with our catchment currently in the midst of a demographic dip, Stratton Upper School is 87% full compared to its published admission number in all year groups. This position will increase as the new development on the east of Biggleswade is completed and the current building work at Stratton is intended to address this.

Similar issues pertain at Gamlingay Village College where a dip in pupil numbers has been at least partially mitigated by an increase of families choosing Gamlingay Village College from out of catchment areas.

The Trust continues to enjoy strong relationships with the Connolly Foundation. We are particularly grateful for the support they have shown to students in the Sixth Form. Without their intervention the students would not have been able to play a full part in a range of trips and activities designed to enhance their A-level studies.

Going Concern

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

Financial Review

Most of the Trust's income is obtained from the Education Funding Agency (EFA), and part of the Department for Education (DfE), in the form of recurrent grants, the use of which is restricted to specific purposes. The grants received from the EFA during the period ended 31 August 2015, and the associated expenditure, are shown as restricted funds in the statement of financial activities. The Trust also receives grants for fixed assets and capital programmes from the EFA. Such grants are shown in the statement of financial affairs as restricted income in the fixed asset fund.

Reserves Policy

The Trustees review the reserves levels of the Trust at least annually and receives regular reports on the projected movement in reserves throughout the year. The review encompasses the nature of income and expenditure streams, the need to match income with commitments, and the nature of reserves.

The Trustees consider that reserves should be set at a level that ensures that the Trust can forecast a balanced budget over a three year period, with 3% of the forecast income in the third year as reserves at the end of that year. This will allow sufficient flexibility to enable three year planning of curriculum changes and other medium term programmes to be included without endangering the working capital of the Trust.

During 2015/16 the position at Gamlingay Village College deteriorated due to two factors:

- a) The continuing reduction in pupil numbers leading to reduced income; and
- b) A restructure in senior staffing leading.

As a result Gamlingay Village College was in deficit at the end of the financial year, although overall reserves of the Trust continued to show a surplus, albeit reduced in line with reducing government income during 2015/16.

Investment Policy

The Finance Department aims to manage the cash balances of the Trust to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation in line with policies set by governors. In addition, officers aim to invest surplus cash funds to optimise returns but ensuring that the investment instruments are such that there is an absolute minimum risk to the loss of these cash funds.

Principal Risks and Uncertainties

The revisions to school funding continue to cause concern, as both schools operate within local authorities that have traditionally received significantly less funding than average.

Thanks to the work of the leadership team at Gamlingay Village College much has been done to restore the confidence of the community in the school. This has been achieved at a time when difficult decisions have been made with regard to staffing, both to raise the level of performance and to make it sustainable within the confines of the budget.

Stratton continues to work closely with the Local Authority to provide up to 400 additional school places needed due to development within the town of Biggleswade. The proposed timeframe by which the required expansion of the school will take place has been moved to completion by November 2016. The overall contribution the local authority intends making towards the scheme remains at £8.4 million.

Plans for Future Periods

The Trust has developed extensive plans to drive its objectives forward in the academic year 2016/17 to consolidate the improvements seen in recent years and to at least maintain the standards reported in recent Ofsted inspections.

The proposed expansion of Stratton Upper School remains focused around developing science provision, as that is an area of weakness in the schools resource.

Future provision at Gamlingay will be decided following a public consultation exercise being undertaken jointly with the Cam Academy Trust. This consultation is looking to address continuing demographic issues in the village and the proposal to amalgamate Gamlingay Village College and Gamlingay First School to create a single Reception to Year 8 (4 – 13 yrs. old) school for the village.

At the heart of all our plans are the needs of our community. We are fortunate to enjoy a high degree of support from our pupils, students, families, staff and governors. Our need is to harness the energy to build outstanding educational provision across the Trust.

Auditor

In so far as the Governors are aware:

There is no relevant audit information of which the charitable company's auditor is unaware; and

The Governors have taken all steps that they ought to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by order of the members of the Governing Body on 5th December 2016 and signed on its behalf by:

Mrs M Russell

Chairman of Governors

Governance Statement

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Stratton Education 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 Governing Body has delegated the day-to-day responsibility to the Executive Headteacher, as Accounting Officer for ensuring financial controls conform with the requirements for both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between Stratton Education Trust and the Secretary of State for Education. He is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Trustees responsibilities.

The Full Governing Body has formally met 5 times during the period and there have been 13 committee meetings. Attendance during the year at meetings of the Governing Body was as follows:

	Attendance at Meetings				
	Full Board	Finance & Premises	Learning & Achievement	Staff & Students	Audit & Risk
Mrs Madeline Russell (Trust) Chairman of Stratton Education Trust	5	4	2	2	1
Mrs Elaine Anderson (Staff)	4	3			
Mr James Birkett (Staff, ex officio)	4		2		
Mr Ian Bond (Trust) Chairman Learning and Achievement	4		3		
Mr James Booth (Trust) Vice Chairman Finance and Premises	4	4			
Miss Julie Brown (Staff, ex officio)	5	4			3
Mr Andrew Field (Trust) Chairman of Staff and Students and Vice Chairman Audit & Risk	4			3	3
Mr Tudor Fox (Trust)	2				
Mr Andrew Goodyer (Parent)					
Miss Jane Harper (Staff, ex officio)	5		3	2	
Ms Roz Hodges (Staff, ex officio)	4		2	3	
Mr Philip Howard (Parent)	4			2	
Mrs Vicky Jenkins (Parent)	2			2	
Mr Eddie Kane (Parent) Chairman Finance and Premises	4	4			
Mr Nigel Lillywhite (Parent) Vice Chairman Learning and Achievement and Chairman Audit & Risk	4	4	3	3	3
Mr Simon Luxton (Staff)				1	
Mrs Claire Neish (Parent)	5	2	2		
Mrs Hazel Ramsay (Trust) Vice Chairman Staff and Students	5	1	1	2	
Mrs Emma Sunderland (Staff)	3			1	

	Attendance at Meetings				
	Full Board	Finance & Premises	Learning & Achievement	Staff & Students	Audit & Risk
Mrs Claire Twydell (Parent)	1			1	
Mr Gary Waghorn (Staff, ex officio)	4	3			1
Mrs Christina Ward (Trust)	3		2		
Mr Peter Ward (Staff)	5	4			
Mr Robert Watson - Headteacher (Staff, ex officio)	5	4	3	3	2
Mr Richard Westergreen-Thorne (Co-opted)	3	2	3		2
Mr Chris Westhead (Staff)	4	4			

Review of Value for Money

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

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

- Undertaking competitive tendering exercises for capital works funded through the Condition Improvement Fund provided by the EFA. This covered:
 - Rewiring at Stratton Upper School; and
 - Fire Prevention works at Gamlingay Village College.
- Undertaking competitive tendering exercises for:
 - Both external and internal audit; and
 - Provision of photocopiers across the Trust.
- Comparing prices for suppliers of books, stationery and general supplies; and
- Obtaining catering supplies from a mixture of local and national suppliers.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust 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 Stratton Education Trust for the period 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 Governing Body regularly reviews the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 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 Trustees.

The Risk and Control Framework

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

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

The Governing Body has appointed George Hay Partnership LLP to undertake External Audit work.

The Trustees have considered the need for a specific internal audit function and has decided to appoint Duncan & Toplis as Internal Auditors/Responsible Officer for the Trust.

All reports from both George Hay Partnership LLP and Duncan & Toplis are considered by the Audit Committee.

Review of Effectiveness

As Accounting Officer, Robert Watson 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 external auditor
- The work of the Internal Auditor/Responsible Officer
- The work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the above reviews of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of Stratton Education Trust on 5th December 2016 and signed on its behalf by:

Mrs M Russell

Chairman of Governors

Mr R Watson

Accounting Officer

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Stratton Education Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency (EFA) 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 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.

Mr R Watson

Accounting Officer

Date: 21st December 2016

Statement of Trustees' Responsibilities

The trustees (who act as governors of Stratton Education Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing 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 5th December 2016 and signed on its behalf by:

Mrs M Russell

Chairman of Trustees.

Independent Reporting Accountant's Assurance Report on Regularity to Stratton Education Trust and the Education Funding Agency

In accordance with the terms of our engagement letter 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 Stratton Education Trust during the year ended 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 Stratton Education Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Stratton Education 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 the Stratton Education Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Stratton Education Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Stratton Education Trust's funding agreement with the Secretary of State for Education dated 1 February 2012 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 ended 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

(continued)

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

George Hay Partnership LLP

Chartered Accountants
and Statutory Auditor
St George's House
George Street
Huntingdon
Cambridgeshire
PE29 3GH

Date: 22nd December 2016

Independent Auditor's Report to the members of Stratton Education Trust

We have audited the financial statements of Stratton Education Trust for the year ended 31 August 2016 which comprise the titles of the primary statements such as the Group Statement of Financial Activities, the Group and Parent Academy Trust's Balance Sheet, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 16, the trustees (who are also the directors of the academy trust 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.

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act. 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 (APB'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 group's and the parent academy trust'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' Annual 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 group and the academy trust's affairs as at 31 August 2016, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2016 issued by the Education Funding Agency.

(Continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Annual 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:

- the parent academy trust has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent academy trust's 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

B Jefferd FCA CTA (Senior Statutory Auditor)

for and on behalf of George Hay Partnership LLP
Chartered Accountants
and Statutory Auditor
St George's House
George Street
Huntingdon
Cambridgeshire
PE29 3GH

Date: 22nd December 2016

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

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
Income from:						
Donations and capital grants	3	11,194	12,279	4,501,740	4,525,213	2,467,744
<i>Charitable activities:</i>						
Funding for the Academy Trust's educational operations	6	-	7,165,638	-	7,165,638	7,574,401
Other trading activities	4	595,631	-	-	595,631	541,038
Investments	5	2,995	-	-	2,995	1,177
Total		609,820	7,177,917	4,501,740	12,289,477	10,584,360
Expenditure on:						
Raising funds	7	558,008	-	-	558,008	492,401
<i>Charitable activities:</i>						
Academy Trust's educational operations	8	-	7,627,337	165,848	7,793,185	8,116,189
Total	7	558,008	7,627,337	165,848	8,351,193	8,608,590
Net income/(expenditure) before transfers						
		51,812	(449,420)	4,335,892	3,938,284	1,975,770
Transfers between funds	16	(8,226)	300,314	(292,088)	-	-
Net income/(expenditure)						
		43,586	(149,106)	4,043,804	3,938,284	1,975,770
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	23	-	(1,180,000)	-	(1,180,000)	(46,000)
Net movement in funds						
		43,586	(1,329,106)	4,043,804	2,758,284	1,929,770
Reconciliation of funds						
Total Funds brought forward at 1 September 2015	16	248,847	(1,570,954)	12,343,520	11,021,413	9,091,643
Funds carried forward at 31 August 2016						
		292,433	(2,900,060)	16,387,324	13,779,697	11,021,413

Consolidated Balance sheet as at 31 August 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	12		15,454,757		10,602,564
Current assets					
Stock	13	24,841		25,030	
Debtors	14	1,597,365		269,845	
Cash at bank and in hand		705,158		2,186,077	
		2,327,364		2,480,952	
Creditors: Amounts falling due within one year	15	(1,061,424)		(428,103)	
Net current assets			1,265,940		2,052,849
Total assets less current liabilities			16,720,697		12,655,413
Net assets excluding pension liability					
Pension scheme liability	23		(2,941,000)		(1,634,000)
Net assets including pension liability			13,779,697		11,021,413
Funds of the academy:					
Restricted funds					
Fixed asset fund(s)	16		16,387,324		12,343,520
General fund(s)	16		40,940		63,046
Pension reserve	16		(2,941,000)		(1,634,000)
Total restricted funds			13,487,264		10,772,566
Unrestricted funds	16		292,433		248,847
Total funds			13,779,697		11,021,413

The financial statements were approved by the Governors, and authorised for issue on 5th December 2016 and are signed on their behalf by:

Mrs M Russell

Chairman of Trustees

Company Limited by Guarantee
Registration Number 07798627

Company Balance sheet as at 31 August 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	12	15,454,757		10,602,564	
Investments	24	100		100	
			15,454,857		10,602,664
Current assets					
Stock	13	24,841		25,030	
Debtors	14	1,673,799		338,833	
Cash at bank and in hand		627,199		2,115,386	
		2,325,839		2,479,249	
Creditors: Amounts falling due within one year	15	(1,059,999)		(426,500)	
Net current assets			1,265,840		2,052,749
Total assets less current liabilities			16,720,697		12,655,413
Net assets excluding pension liability					
Pension scheme liability	23		(2,941,000)		(1,634,000)
Net assets including pension liability			13,779,697		11,021,413
Funds of the academy:					
Restricted funds					
Fixed asset fund(s)			16,387,324		12,343,520
General fund(s)			40,940		63,046
Pension reserve			(2,941,000)		(1,634,000)
Total restricted funds			13,487,264		10,772,566
Unrestricted funds			292,433		248,847
Total funds			13,779,697		11,021,413

The financial statements were approved by the Governors, and authorised for issue on 5th December 2016 and are signed on their behalf by:

Mrs M Russell

Chairman of Trustees

Company Limited by Guarantee
Registration Number 07798627

Consolidated Cash Flow Statement for the period ended 31 August 2016

	Notes	2016 £	2015 £
Net cash inflow from operating activities			
Net cash provided by/(used in) operating activities	20	(967,612)	(204,063)
Cash flows from investing activities			
Purchase of tangible fixed assets	21	2,995	1,177
Capital grants		(5,018,043)	(765,916)
		4,501,741	2,451,140
Change in cash and cash equivalents in the year		(1,480,919)	1,482,338
Cash and cash equivalents at 1 September 2015		2,186,077	703,739
Cash and cash equivalents at 31 August 2016	22	705,158	2,186,077

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

1. Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the Education Funding Agency (EFA) and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

First time adoption of FRS 102

These financial statements are the first financial statements of Stratton Education 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 Raynsford Church of England Academy for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 28.

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 company to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming Resources.

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants Receivable.

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

Fixed Asset grants are shown in the statements of financial activities as restricted fixed asset funds.

Grants which have specific performance conditions are included in the Statement of Financial Activities where there is a reasonable level of certainty that the performance conditions have been met.

Donations

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

Other Income

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

Donated services and gifts in kind

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

Resources expended.

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

Costs of generating funds

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

Charitable activities

These are costs incurred on the academy trust's educational operations

Governance Costs

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

All resources are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £2,000 or more are capitalised as fixed assets and are carried at cost, net of depreciation and any provision for impairment. In certain cases, individual items acquired with a unit cost of less than £2,000 but an aggregate cost of £2,000 or more are aggregated for the purposes of capitalisation. Examples would include an entire classroom refurbishment, ICT equipment purchased as part of the school plan to ensure ICT resources are of a standard equivalent to that generally available and relevant to the curriculum.

Where tangible fixed assets have been acquired with the aid of specific grants, whether from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

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

Freehold Land & Buildings	Not provided
Leashold Land & Buildings	125 years
Fixtures, Fittings & Equipment	10 and 25 years
ICT Equipment	5 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought in to use.

Leased Assets

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

Stocks

Unsold uniforms, catering and stationery stocks are valued at the lower of cost or net realisable value.

Taxation

The academy trust is considered to pass the tests set out in paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 2 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.

Investments

The academy's shareholding in the wholly owned subsidiary, Stratton Trust Leisure Limited, is included in the balance sheet at the cost of the share capital owned. There is no readily available market value and the cost of valuation exceeds the benefit derived.

Basis of Consolidation

The financial statements represent the position and performance of Stratton Education Trust and its wholly owned subsidiary, Stratton Trust Leisure Ltd.

Pensions Benefits

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

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

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current

service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities 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

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education (DfE), EFA or other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the EFA and/or DfE.

Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 27.

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 23, 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.

2. General Annual Grant

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

No academies within the trust exceeded the limits during the year ended 31 August 2016.

3. Donations and capital grants **Group**

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Capital Grants	-	4,501,741	4,501,741	2,451,140
Donations	11,193	12,279	23,472	16,604
	<u>11,193</u>	<u>4,514,020</u>	<u>4,525,213</u>	<u>2,467,744</u>

In 2015, of the total income from donations and capital grants, £4,815 was to unrestricted funds and £2,462,929 was to restricted funds

4. Other trading activities **Group**

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Fundraising events	4,259	-	4,259	12,113
Sale of goods and services	84,291	-	84,291	58,643
Hire of Facilities	78,377	-	78,377	79,924
Catering Income	219,695	-	219,695	231,049
Farm Income	25,294	-	25,294	32,313
Trip Income	183,715	-	183,715	126,996
	<u>595,631</u>	<u>-</u>	<u>595,631</u>	<u>541,038</u>

In 2015, of the total income from other trading activities, £541,038 was to unrestricted funds and £NIL was to restricted funds.

5. Investment Income **Group**

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Short term deposits	2,995	-	2,995	1,177
	<u>2,995</u>	<u>-</u>	<u>2,995</u>	<u>1,177</u>

In 2015, of the total investment income, £1,177 was to unrestricted funds and £NIL was to restricted funds.

6. Funding for trust's educational operations
Group

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
DfE/EFA revenue grants				
General Annual Grant (GAG)(note 2)	-	6,767,267	6,767,267	7,166,741
Other DfE/EFA grants	-	191,243	191,243	193,149
	-	6,958,510	6,958,510	7,359,890
Other Government grants				
Local authority grants	-	207,128	207,128	214,511
	-	207,128	207,128	214,511
	-	7,165,638	7,165,638	7,574,401

In 2015, of the total income from charitable activities, £NIL was to unrestricted funds and £7,574,401 was to restricted funds.

Full details of all significant grants can be found in the Statement of Funds and accompanying notes.

7. Expenditure
Group

	Non Pay Expenditure			Total 2016 £	Total 2015 £
	Staff Costs £	Premises £	Other Costs £		
Cost of activities for generating funds					
Direct costs	131,956	-	378,068	510,024	469,514
Allocated support costs	11,609	2,833	33,542	47,984	22,887
	143,565	2,833	411,610	558,008	492,401
Academy's educational operations					
Direct costs	5,419,044	65,375	544,702	6,029,121	6,395,230
Allocated support costs	1,114,658	268,211	381,195	1,764,064	1,720,959
	6,533,702	333,586	925,897	7,793,185	8,116,189
	6,677,267	336,419	1,337,507	8,351,193	8,608,590

In 2016, of the total expenditure, £558,008 (2015 - £492,401) was from unrestricted funds and £7,793,185 (2015 - £8,116,189) was from restricted funds.

The method used for the apportionment of support costs is disclosed in the accounting policies.

Outgoing resources for the year include:	2016 £	2015 £
Operating leases	24,870	38,870
Depreciation	165,848	154,841
Fees payable to auditors		
Audit	11,100	16,000
Other services	1,600	3,210

8. Charitable Activities- Trust's educational operations Group

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Direct costs				
Teaching and educational support staff costs	-	5,419,044	5,419,044	5,715,756
Depreciation	-	165,848	165,848	154,841
Educational supplies	-	139,173	139,173	173,271
Examination fees	-	171,521	171,521	160,501
Educational consultancy	-	10,359	10,359	15,996
Maintenance of equipment	-	48,848	48,848	85,155
Other direct costs	-	74,328	74,328	89,710
	-	<u>6,029,121</u>	<u>6,029,121</u>	<u>6,395,230</u>
Allocation supported costs				
Support staff costs	-	1,114,658	1,114,658	1,084,083
Pension costs	-	62,000	62,000	55,000
Maintenance of premises and equipment	-	127,880	127,880	136,095
Rent & rates	-	29,866	29,866	31,077
Insurance	-	44,546	44,546	65,445
Light and Heat	-	108,833	108,833	123,475
Catering	-	38,831	38,831	16,778
Staff Development	-	61,458	61,458	57,024
Other support costs	-	145,005	145,005	96,217
Governance costs	-	30,987	30,987	55,765
	-	<u>1,764,064</u>	<u>1,764,064</u>	<u>1,720,959</u>

9. Staff Costs Group

	2016 £	2015 £
Staff costs during the period were:		
Wages and salaries	5,326,685	5,580,778
Social security costs	442,598	421,873
Pension costs	907,984	947,766
	<u>6,677,267</u>	<u>6,950,417</u>
Compensation payments	-	-
	<u>6,677,267</u>	<u>6,950,417</u>

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

	2016 Number	2016 Full-time equivalent	2015 Number	2015 Full-time equivalent
Charitable Activities				
Teachers	83	77	98	92
Administration and support	114	73	133	81
Management	9	8	11	11
	<u>206</u>	<u>158</u>	<u>242</u>	<u>184</u>

The number of employees who were paid at the following annualised rates of pay, were:

	2015	2014
£60,001 - £70,000	2	3
£70,001 - £80,000	1	-
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,001+	1	1
	4	4

The above employees participated in the Teacher's Pension Scheme. During the year ended 31 August 2016, pension contributions for the employees amounted to £50,689.

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £621,143.

10. Trustees remuneration and expenses

Group and Company

The Head Teacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff and not in respect of their services as governors. Other governors did not receive any payments from the academy in respect of their role as governors.

The value of Trustees remuneration for the year to 31 August 2016 was as follows:

	2016 £	2015 £
R Watson (Executive Head Teacher)		
Remuneration	110,000-115,000	105,000-110,000
Employer's pension contributions	15,000-20,000	15,000-20,000

11. Governors and Officers' Insurance

Group and Company

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.

The cost of this insurance is included in the total insurance cost.

12. Tangible Fixed Assets.

Group and Company

	Freehold Land and Buildings £	Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Assets Under Construction £	Total £
Cost						
At 1 September 2015	1,194,901	7,861,855	279,576	360,372	1,403,720	11,100,424
Additions	-	-	27,405	5,923	4,984,715	5,018,043
Disposals	-	-	-	-	-	-
Transfer	-	620,051	209,622	-	(829,673)	-
At 31 August 2016	<u>1,194,901</u>	<u>8,481,906</u>	<u>516,603</u>	<u>366,295</u>	<u>5,558,762</u>	<u>16,118,467</u>
Depreciation						
At 1 September 2015	-	225,886	67,608	204,366	-	497,860
Charged in year	-	65,375	33,798	66,677	-	165,850
Disposals	-	-	-	-	-	-
At 31 August 2016	<u>-</u>	<u>291,261</u>	<u>101,406</u>	<u>271,043</u>	<u>-</u>	<u>663,710</u>
Net book values						
At 31 August 2016	<u>1,194,901</u>	<u>8,190,645</u>	<u>415,197</u>	<u>95,252</u>	<u>5,558,762</u>	<u>15,454,757</u>
At 31 August 2015	<u>1,194,901</u>	<u>7,635,969</u>	<u>211,968</u>	<u>156,006</u>	<u>1,403,720</u>	<u>10,602,564</u>

13. Stock

Group and Company

	2016 £	2015 £
Uniform	3,816	4,585
Catering	2,012	2,065
Farm	9,304	4,743
Stationery & Other	9,709	13,637
Total	<u>24,841</u>	<u>25,030</u>

14. Debtors

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Trade Debtors	1,028,435	20,368	1,024,972	16,674
Other Debtors	464,510	131,912	464,510	131,912
Amounts due from group company	-	-	79,897	72,682
Prepayments	104,420	117,565	104,420	117,565
Total	<u>1,597,365</u>	<u>269,845</u>	<u>1,673,799</u>	<u>338,833</u>

15. Creditors: amounts falling due within one year

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Trade Creditors	126,124	101,365	126,124	101,365
Other Creditors	34,983	20,893	35,058	20,790
Accruals & deferred income	900,317	305,845	898,817	304,345
Total	<u>1,061,424</u>	<u>428,103</u>	<u>1,059,999</u>	<u>426,500</u>

**Deferred income
Group and company**

	2016
	£
Deferred Income at 1 September 2015	123,517
Resources deferred in the year	48,052
Amounts released from previous years	(123,517)
Deferred Income at 31 August 2016	<u>48,052</u>

At the balance sheet date the academy trust was holding funds received in advance for:

- School trips due to take place in the 2016/17 Academic year.
- 16/17 Growth Fund from Central Bedfordshire Council

16. Funds
Group

	Balance at 1 September 2015 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant (GAG)					
Stratton Upper School	-	5,957,990	6,161,098	203,108	-
Gamlingay Village College	33,613	813,415	944,234	97,206	-
Other Government Grants	683	207,129	203,762	-	4,050
Other DfE/EFA grants	-	191,243	191,243	-	-
Restricted Donations	28,750	8,140	-	-	36,890
	<u>63,046</u>	<u>7,177,917</u>	<u>7,500,337</u>	<u>300,314</u>	<u>40,940</u>
Pension reserve	(1,634,000)	-	127,000	(1,180,000)	(2,941,000)
	<u>(1,570,954)</u>	<u>7,177,917</u>	<u>7,627,337</u>	<u>(879,686)</u>	<u>(2,900,060)</u>
Restricted fixed asset funds					
Transfer from Local Authority on conversion	8,743,688	-	123,721	-	8,619,967
DfE/EFA capital grants	836,234	487,863	19,481	-	1,304,616
Capital expenditure from GAG	514,134	-	15,333	(292,088)	206,713
Other government capital grants	2,249,464	4,013,877	7,313	-	6,256,028
	<u>12,343,520</u>	<u>4,501,740</u>	<u>165,848</u>	<u>(292,088)</u>	<u>16,387,324</u>
Total restricted funds	<u>10,772,566</u>	<u>11,679,657</u>	<u>7,793,185</u>	<u>(1,171,774)</u>	<u>13,487,264</u>
Unrestricted funds					
General	248,847	609,820	558,008	(8,226)	292,433
	<u>248,847</u>	<u>609,820</u>	<u>558,008</u>	<u>(8,226)</u>	<u>292,433</u>
Total funds	<u>11,021,413</u>	<u>12,289,477</u>	<u>8,351,193</u>	<u>(1,180,000)</u>	<u>13,779,697</u>

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

Included within Other DfE/EFA Grants under Restricted general funds is £170,639 received in respect of Pupil Premium. The fund is to work with pupils who have been registered for free school meals at any point in the last six years as the school sees appropriate. Funds were expended on staffing to provide support to the relevant pupils in one to one and small group situations and contributions towards the costs of school trips as well as other relevant support expenditure. All of the funding received was expended in the period in accordance with the purposes for which the grant was intended.

Also included within Other DfE/EFA Grants under Restricted general funds is £12,204 receivable from the EFA in respect of EOTAs funding at GVC. The funding received has been expended in its entirety in the year within the restrictions applicable to provide education to pupils outside of the school site. There was also £8,400 received from the EFA for PE Teacher Release funding, this was also wholly expended in the year in accordance with the terms and conditions of the funding.

The Other Government Grants under Restricted general funds includes £114,627 of SEN Funding provided by the schools' respective Local Authorities. The funding is granted to the school for the purpose of providing additional support for students who have a statement of educational needs. Funds are expended on Learning Support Assistants, equipment and any other needs, in accordance with the statement, to ensure that the student can access the curriculum. All funding received was expended in the period in accordance with the purposes for which the grant was intended.

Growth Funding totalling £88,502 was received from Central Bedfordshire Council in the year in recognition of the additional work required in the school to cover time and resources required to manage the school expansion project. The amount received covered the relevant costs incurred in the year.

As at 31 August 2014 the Governors had earmarked £500,000 of the unrestricted reserves towards the school building extension project. Due to budgetary revisions, development plans had to be reassessed and the project funding is no longer to be supplemented from the Trust's unrestricted reserves. £300,187 of expenditure on the project to date has already been funded from the £500,000 previously earmarked. It is considered that this amount, along with £25,228 which was similarly expended from the GAG towards the project in previous periods, has been recovered from other capital grant funding during the period. The transfer of these amounts, back to unrestricted reserves, have therefore been realised. The remaining, unspent amount of £199,813 was transferred back into general funds from the Building Fund within unrestricted reserves in 2015.

In Restricted Fixed Asset Funds, DfE/EFA Capital Grants includes a £32,086 Devolved Formula Capital Maintenance Grant from the EFA applied for new IT hardware and equipment at both schools and £280,221 received in respect of the Academies Condition Improvement Funding.

Also included in Other Government Capital Grants was £4,000,000 from Central Bedfordshire Council towards the Stratton school building extension project. £1,752,360 is to be carried forward to be expended on the ongoing development in accordance with the terms of the grant.

Under the funding agreement with the Secretary of State, the academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. Note 2 discloses whether the limit was exceeded.

17. Analysis of net assets between funds

Group

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
Tangible fixed assets	-	-	15,454,757	15,454,757
Current assets	348,541	219,172	1,759,651	2,327,364
Current liabilities	(56,108)	(178,232)	(827,084)	(1,061,424)
Pension scheme liability	-	(2,941,000)	-	(2,941,000)
Total net assets	292,433	(2,900,060)	16,387,324	13,779,697

Analysis of academies fund balance

Fund balances as at 31 August 2016 were allocated as follows:

	Total £
Stratton Upper School	312,233
Gamlingay Village College	21,140
Total before fixed assets and pension reserve	<u>333,373</u>
Restricted fixed asset fund	16,387,324
Pension reserve	(2,941,000)
Total	<u>13,779,697</u>

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows:

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	Total £
Stratton Upper School	4,711,008	961,507	110,493	1,379,301	7,162,309
Gamlingay Village College	708,036	164,759	28,680	121,561	1,023,036
	<u>5,419,044</u>	<u>1,126,266</u>	<u>139,173</u>	<u>1,500,862</u>	<u>8,185,345</u>

Central Services

The Trust does not provide any services centrally, where services are provided from one member academy, the cost is calculated on a cost only basis using for example time apportionment.

18. Member's liability

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

19. Financial commitments

Operating leases

At 31 August 2016 the Academy had annual commitments under non-cancellable operating leases as follows:

	2016	2015
	£	£
Land and buildings		
Expiring within one year	-	-
Expiring within two and five years inclusive	-	-
Expiring in over five years	-	-
	<hr/>	<hr/>
Other		
Expiring within one year	7,676	24,870
Expiring within two and five years inclusive	6,000	13,676
Expiring in over five years	-	-
	<hr/>	<hr/>
	13,676	38,546

20. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2016	2015
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	3,938,284	1,975,770
Depreciation (note 12)	165,850	154,840
Fixed Asset Disposal (note 12)	-	1,691
Capital grants from DfE/EFA and other capital income (Note 3)	(4,501,741)	(2,451,140)
Interest receivable (note 5)	(2,995)	(1,177)
Defined benefit pension cost less contributions payable (note 23)	65,000	66,000
Defined benefit pension finance income (note 23)	62,000	74,000
(Increase)/decrease in stocks	190	6,550
(Increase)/decrease in debtors	(1,328,855)	25,091
Increase/(decrease) in creditors	634,655	(55,692)
	<hr/>	<hr/>
Net cash provided by/(used in) operating activities	(967,612)	(204,063)

21. Cash flows from investing activities

	2016	2015
	£	£
Dividends, interest and rents from investments	2,995	1,177
	<hr/>	<hr/>
Net cash inflow from returns on investment and servicing of finance	2,995	1,462

22. Analysis of cash and cash equivalents

	2016	2015
	£	£
Cash in hand and at bank	705,158	2,186,077
Total cash and cash equivalents	<hr/> 705,158	<hr/> 2,186,077

23. Pensions and similar obligations

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

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- 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; and
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The pension costs paid to TPS in the period amounted to £567,782 (2015: £534,633).

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

Under the definitions set out in FRS102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £356,000 (2015: £366,000), of which employer's contributions totalled £278,000 (2015: £286,000) and employees' contributions totalled £78,000 (2015: £80,000). The agreed contribution rates for future years are 24.4% and 24.9% for employers and between 5.5% and 12.5% for employees..

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

Principal Actuarial Assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.1%	3.5%
Rate of increase for pensions in payment / inflation	2.1%	2.6%
Discount rate for scheme liabilities	2.0%	3.7%
Inflation assumption (CPI)	2.0%	3.7%
Commutation of pensions to lump sums	50.00%	50.00%
Mortality	1.25% pa	1.25% pa

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.4	22.4
Females	24.3	24.3
<i>Retiring in 20 years</i>		
Males	24.4	24.4
Females	26.8	26.8

The Academy's share of the assets in the scheme were:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	2,287,000	1,509,000
Bonds	297,000	406,000
Property	297,000	248,000
Cash	89,000	90,000
Total market value of assets	2,970,000	2,253,000

The actual return on scheme assets was £231,000 (2015:£105,000).

Amounts recognised in the statement of financial activities

	2015	2014
	£	£
Current service cost (net of employee contributions)	65,000	66,000
Net interest cost	62,000	55,000
Total operating charge	<u>127,000</u>	<u>121,000</u>

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

	2016	2015
	£	£
At 1 September	3,887,000	3,308,000
Current service cost	343,000	352,000
Past service cost	-	-
Interest cost	151,000	130,000
Employee contributions	78,000	80,000
Actuarial (gain)/loss	1,500,000	35,000
Curtailments and settlements	-	-
Benefits paid	(48,000)	(18,000)
At 31 August	<u>5,911,000</u>	<u>3,887,000</u>

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

	2016	2015
	£	£
At 1 September	2,253,000	1,860,000
Expected return on assets	89,000	111,000
Actuarial gain/(loss)	320,000	(66,000)
Employer contributions	278,000	286,000
Employee contributions	78,000	80,000
Assets distributed on settlements	-	-
Transfer in of new members	-	-
Benefits paid	(48,000)	(18,000)
At 31 August	<u>2,970,000</u>	<u>2,253,000</u>

24. Fixed Asset Investments

	Shares in group undertakings £
MARKET VALUE	
Cost	<u>100</u>
NET BOOK VALUE	
At 31 August 2016	<u><u>100</u></u>
At 31 August 2015	<u><u>100</u></u>

There were no investment assets outside the UK.

The company's investments at the balance sheet date in the share capital of companies include the following:

Stratton Trust Leisure Limited:

Nature of business: Facility hire and lettings

Class of share:	%
Ordinary	holding 100

	2016	2015
	£	£
Aggregate capital and reserves	100	100
Profit for the period/year	<u><u>-</u></u>	<u><u>-</u></u>

25. Profit of Parent Company

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's surplus for the financial year was £2,758,284 (2015:£1,929,770). The directors of the subsidiary agreed to make a gift aid donation of £1,076 (2015: £6,669) to the parent company to reduce its profit for the financial period to £nil.

26. Related Party Transactions

Owing to the nature of the Academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee 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.

No related party transactions took place in the period of account.

27. Agency arrangements

The academy distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016 the trust received £19,603 and disbursed £23,203 from the fund.

An amount of £2,408 is included in other creditors relating to undistributed funds that is repayable to EFA.

28. First time adoption of FRS 102

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

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

Reconciliation of total funds	Notes	<i>1 September 2014</i>	<i>31 August 2015</i>
		£	£
Total funds under previous UK GAAP		<u>9,091,643</u>	<u>11,021,413</u>
Total funds reported under FRS 102		<u>9,091,643</u>	<u>11,021,413</u>

Reconciliation of net income	Notes	<i>31 August 2015</i>
		£
Net income previously reported under UK GAAP		2,030,770
Change in recognition of LGPS interest cost	A	<u>(55,000)</u>
Net movement in funds reported under FRS 102		<u>1,975,770</u>

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

A - Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expenses. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expenses. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the charge to expenses by £55,000 and decrease the charge in other recognised gains and losses in the SOFA by an equivalent amount.