
THE MARLBOROUGH SCIENCE ACADEMY LIMITED
(A company limited by guarantee)

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

THE MARLBOROUGH SCIENCE ACADEMY LIMITED
(A company limited by guarantee)

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

Members	A Thomson (Headteacher) J H Walker-Smith R J Sullivan (resigned 29 September 2016) S A R Walsh D Tack J Raynes (appointed 8 February 2016) M Duncan (appointed 8 February 2016) N Mitchell (appointed 26 September 2016)
Trustees	S Prestridge ¹ A Thomson (Headteacher) ¹ S A R Walsh ¹ J H Walker-Smith ¹ R J Sullivan ¹ P Peachman (resigned 14 July 2016) J Vincent D Tack A Ware L Bullock F Edmunds ¹ A Moffat J Raynes ¹ N Mitchell B Carter ¹ M Smethers ¹ S Noon (appointed 9 November 2015) B Sweeney (appointed 1 February 2016) ¹ S Thompson (appointed 14 July 2016) M Duncan ¹ ¹ Member of the Community, Property and Finance Committee
Company registered number	08003969
Company name	The Marlborough Science Academy Limited
Principal and registered office	Watling Street St Albans Hertfordshire AL1 2QA
Company secretary	D Dean
Senior management team	A Thomson, Headteacher D Crook, Deputy Headteacher M Fitzgibbon, Deputy Headteacher D Dean, Director of Finances and Resources A Stanton, Assistant Headteacher D Bridgland, Assistant Headteacher R Atterton, Assistant Headteacher D Eve, Assistant Headteacher J Griggs, Assistant Headteacher

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

Advisers (continued)

Independent auditor	Hillier Hopkins LLP Chartered Accountants Statutory Auditor Radius House 51 Clarendon Road Watford Hertfordshire WD17 1HP
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THE MARLBOROUGH SCIENCE ACADEMY LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of The Marlborough Science Academy Limited (the Academy) for the year ended 31 August 2016. The Trustees confirm that the Annual report and financial statements of the Academy comply with the current statutory requirements, the requirements of the Academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

a. CONSTITUTION

The Academy Trust (incorporated on 23 March 2012 and opened as an academy on 1 April 2012) 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 Governors act as the Trustees for the charitable activities of The Marlborough Science Academy Limited and are also the directors of the Charitable Company for the purposes of company law.

The Charitable Company is known as The Marlborough Science Academy Limited.

The principal activity of the Academy is to provide a broad and balanced educational programme for pupils of different abilities and ages. The Academy is a secondary school.

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

b. MEMBERS' LIABILITY

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

c. TRUSTEES' 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 £2,000,000.

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

d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

On 23 March 2012 the Trustees appointed all those Governors that served the predecessor school to be Governors of the newly formed Academy. These Governors were appointed on a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re election or replacement process.

The Staff Governors are appointed by the staff members of the Academy. The Parent Governors must be a parent of a pupil at the Academy at the time when they are elected and are appointed by the parents. All other Governors are appointed by the Governing body.

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

When appointing new Governors, the Board will give consideration to the skills and experience mix of existing Governors in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development. All Governors are elected to their post and this is formally approved by the Full Governing Body.

A staff governor's term of office ends should he/her leave the school.

There is a minimum requirement for us to have three governors, but no maximum number. Each meeting must be deemed quorate.

e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

All new governors are required to attend the county induction course. In addition each new governor has a mentor from the governing body. We subscribe to the county governor training scheme, which provides a wide range of courses covering financial, health and safety, personnel issues and Curriculum. We have a governor responsible for CPD.

f. ORGANISATIONAL STRUCTURE

The Academy Trust meets once a year. It currently has five trustees, who are directors appointed by the Board of Governors. This includes: the headteacher, chair and vice chair and chairs of each committee. They appoint the auditors and devolve all other duties to the Board of Governors. Due to the resignation of the vice chair who was also a trustee, a new trustee has been appointed (the new vice chair) and will be formally added at the next AGM. They have however already been added to the Register of Members as they have already taken up the vice chair role.

The Board of Governors normally meets four times a year. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings at full Governing body meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

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

Objectives and Activities

a. OBJECTS AND AIMS

The principal object and activity of the Academy is to advance for the public's benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities, with a strong emphasis on English, Maths and Science.

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

- to continue to raise the standard of educational attainment and achievement of all students
- to provide a broad and balanced curriculum, including extra-curricular activities
- to develop students as more effective learners
- to develop the Academy site so that it enables students to achieve their full potential
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review
- to maximise both the number of students achieving a grade C in English & Maths and our Progress 8 score
- to improve student attendance – target 96%
- to diminish the difference for disadvantaged students
- to provide value for money for the funds expended
- to develop greater coherence, clarity and effectiveness in school systems
- to comply with all appropriate statutory and curriculum requirements
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness
- to recruit high quality teachers/staff to support the Academy

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

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

Key priorities for the year are contained in our Academy Development Plan.

Improvement focuses identified for this year include:

- All students in school happy, learning and making exceptional progress; the key foci being:
- Attendance
- Progress
- Disadvantaged students
- Retention/recruitment of staff

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

c. PUBLIC BENEFIT

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

Achievements and performance

a. ACHIEVEMENTS AND PERFORMANCE

Marlborough is in its fifth year of operating as an Academy. In 2016 the percentage of students achieving a grade C or better in English and Maths was 59%, and our Progress 8 score was in line with the national average. For the academic year 2016/17 we have a target of 61% for students achieving a grade C in English & Maths.

To ensure that standards are continually raised the Academy, the Governing Body and the Leadership Group:

- Operates a robust quality assurance calendar which monitors the quality of teaching and learning
- Undertakes a rigorous review of attainment using RAISEONLINE and FFT to measure the progress of students paying particular regard to their achievement on entry and levels of progress secured
- Undertakes a rigorous self-review of standards using the Ofsted surveys and reviews including our School Improvement Partner (SIP) and LEA Advisors
- Ensures robust recruitment and performance management procedures

b. 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.

c. KEY FINANCIAL PERFORMANCE INDICATORS

As funding is based on pupil numbers, this is a key performance indicator. Current numbers are 1,148 with 205 Pupil Premium students

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

Financial review

a. FINANCIAL REVIEW

Most of the Academy'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 in the Statement of Financial Activities.

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

During the year ended 31 August 2016, total expenditure excluding depreciation and LGPS costs of £7,032,716 was covered by recurrent grant funding from the DfE, together with incoming resources of £6,916,482. The excess of income over expenditure for the year (excluding restricted fixed asset funds and the pension reserve) was £140,433.

The land, buildings and other assets were transferred to the Academy upon conversion. For the period ended 31 August 2013, the value of the land was not included within the valuation. A further valuation has since been obtained, which includes the value of the land and the buildings.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 21 to the financial statements.

The Academy has a Responsible Officer who carries out checks on a termly basis. During the period, the Governors received reports from the Responsible Officer which contained no matters of significance. Further details of the Responsible Officer's role are set out in the Governance Statement.

b. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Student numbers are closely monitored by the Trust and the number of parental first choices has increased over the past two years. Our first choices at year 7 continue to increase and we have temporarily increased our PAN for year 7 to 224 (for this year and next, and then it will be reviewed). Student numbers will continue to be monitored and plans are in place to review the curriculum offering if need be to take account of this increase. The reduction in post 16 funding levels, the freeze on the Government's overall education budget, changes in funding arrangements for special educational needs and increasing employment and premises costs further increases this risk and budgets will be increasingly tight in coming years.

The Governors examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports presented to the Finances & Resources Committee and also sent to all Governors. The Governors also regularly ensure sufficient funds are held to cover all known and anticipated commitments.

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

The Governing Body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 26 to the financial statements, represents a significant potential liability. However as the Governors consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

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

c. PRINCIPAL RISKS AND UNCERTAINTIES

Other principal risks and uncertainties are as follows:

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

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

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

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

Fraud and mismanagement of funds The Academy has appointed a Responsible Officer to carry out checks on financial systems and records.

d. RESERVES POLICY

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Finances & Resources Committee agree the level of reserves required by the Academy and this is reviewed annually when setting the budget, the reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Provision should also be made to sustain staffing levels in the event of falling pupil numbers.

The Governors will also review the future plans of the Academy and set designated reserves for future projects.

e. INVESTMENTS POLICY

The Academy has an Investment Policy which has been set and approved by the Governors. The Director of Finances & Resources will provide Governors with an overview of investments made during an accounting period.

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

Plans for future periods

a. PLANS FOR FUTURE PERIODS

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

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

The Academy has recently been given permission by the EFA to sell some land (currently this piece of land encompasses a bungalow and a detached house which up until now has been let out to staff as required). The money realised from this sale will be used to support the priorities of the Academy and to enhance its teaching and learning resources.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

b. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The rules for determining the pay of key management personnel (for the purposes of this definition this includes the Headteacher, Deputy Headteachers, Director of Finances & Resources and Assistant Headteachers who make up the SLT) are set out in the School Teachers' Pay and Conditions Document (STPCD). For the Director of Finances & Resources, the Local Government Pay arrangements apply as they are not directed by the STPCD. Academies and free schools can set their own pay and conditions, but often choose to follow the STPCD/Local Government guidelines.

The Governing Body for The Marlborough Science Academy has established a pay range for the Headteacher, the Deputy Headteachers and Assistant Headteachers in accordance with the STPCD. On determining the appropriate pay range the Governing Body consider the permanent responsibilities of the role, any challenges that are specific to the role and all other relevant considerations. As directed by the STPCD the pay range for the Headteacher does not exceed the maximum of the headteacher group.

In addition, and as directed by the STPCD, the maximum of the Deputy or Assistant Headteachers' pay range has not exceeded the maximum of the Headteacher group.

These salary arrangements are reviewed yearly by the Personnel Committee.

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

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

This report was approved by order of the Governing Body as the company directors, on 8/12/16 and signed on its behalf by:


.....
J H Walker-Smith
Chair of Governors

THE MARLBOROUGH SCIENCE ACADEMY LIMITED
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Marlborough Science Academy Limited 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 5 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
S Prestridge	5	5
A Thomson (Headteacher)	5	5
S A R Walsh	2	5
J H Walker-Smith	5	5
R J Sullivan	5	5
P Peachman	0	0
J Vincent	5	5
D Tack	5	5
A Ware	4	5
L Bullock	5	5
F Edmunds	5	5
A Moffat	4	5
J Raynes	5	5
N Mitchell	3	5
B Carter	5	5
M Smethers	5	5
S Noon	4	4
B Sweeney	2	2
S Thompson	0	0
M Duncan	4	5

The Community, Property and Finance Committee (CFP) is a sub-committee of the main board of trustees. Its purpose is to assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of:

CPF committee have also taken on the audit role within the Trust, and as part of this will review the risks to internal financial control and agree a programme of work that will address these risks, will inform the governance statement that accompanies the trust's annual accounts and, so far as possible, provide assurance to external auditors.

Governance reviews:

The effectiveness of the board of governors was commended in our most recent Ofsted inspection in March 2014. Three governors were interviewed and paperwork of meetings was scrutinised.

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GOVERNANCE STATEMENT (continued)

"Governors challenge and support the academy very well to bring about whole school improvement." Ofsted 2014

"They understand the strengths and areas of development of the academy by collecting first hand evidence and information, questioning subject leaders and scrutinising academy performance data. They use this information to provide high levels of challenge to the academy in all areas of its work. This has had a significant impact on raising standards at the academy." Ofsted 2014

We regularly review the range of skills covered by the members of the governing body to identify any areas needing specific expertise. This helps us to consider specific skill sets when new governors are appointed to the board.

"Governors have a wide range of skills, which benefit the academy and undertake training to allow them to challenge more effectively." Ofsted 2014

The Finances & Resources Committee is a sub committee of the main board of trustees. Its purpose is to assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of:

The Finances & Resources Committee have also taken on the audit role within the Trust, and as part of this will review the risks to internal financial control and agree a programme of work that will address these risks, will inform the governance statement that accompanies the trust's annual accounts and, so far as possible, provide assurance to external auditors.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
R J Sullivan	3	4
S Prestridge	4	4
M Smethers	4	4
J Raynes	3	4
B Carter	2	4
B Sweeney	2	4
M Duncan	1	4
J H Walker-Smith	4	4
S A R Walsh	4	4
A Thomson	4	4
F Edmunds	3	4

REVIEW OF VALUE FOR MONEY

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

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

- Regular benchmarking against other schools (both locally and nationally) to ensure that staffing expenditure is in line with similar schools. Job roles are reviewed against other schools, in particular the grade to ensure that posts are "pitched" at the correct level therefore achieving the best calibre of candidate for that role
- Review of utilities expenditure to achieve a decrease in spend; have also investigated local collaboration with other schools for spend on insurance and utilities to ensure that we achieving best value

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GOVERNANCE STATEMENT (continued)

- Setting up of a fundraising campaign to raise funds to carry out much needed works to the swimming pool (rather than relying upon EFA funding to support this). Maximising income generation through the advertising of "Gift Aid" and also various other means of attracting more income (for e.g. local events being held)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Marlborough Science Academy Limited 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 Community, Property and Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed J Raynes, a Trustee, as Responsible Officer (RO).

The Responsible Officer'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:
On a termly basis, the Responsible Officer 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 Board of Trustees confirm that the appointee has delivered the schedule of work as planned and provided details of any material control issues arising as a result of the work.

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GOVERNANCE STATEMENT (continued)


REVIEW OF EFFECTIVENESS

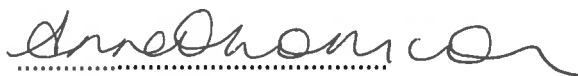
As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the 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 Community, Property and Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 8/12/16 and signed on their behalf, by:


J H Walker-Smith
Chair of Trustees


A Thomson (Headteacher)
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Marlborough Science Academy Limited 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.



A Thomson (Headteacher)
Accounting Officer

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

The Trustees (who act as governors of The Marlborough Science Academy Limited 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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


.....
J H Walker-Smith
Chair of Governors

Date: 8/12/16

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
MARLBOROUGH SCIENCE ACADEMY LIMITED**

We have audited the financial statements of The Marlborough Science Academy Limited 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company 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 AUDITOR

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 charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the 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.

THE MARLBOROUGH SCIENCE ACADEMY LIMITED
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
MARLBOROUGH SCIENCE ACADEMY LIMITED**

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.



Alexander Bottom ACA (Senior statutory auditor)

for and on behalf of

Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Date:

13th December 2016

THE MARLBOROUGH SCIENCE ACADEMY LIMITED
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
MARLBOROUGH SCIENCE ACADEMY LIMITED AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 30 April 2012 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 The Marlborough Science Academy Limited 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 The Marlborough Science Academy Limited and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Marlborough Science Academy Limited 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 Marlborough Science Academy Limited and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE MARLBOROUGH SCIENCE ACADEMY LIMITED'S
ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of The Marlborough Science Academy Limited's funding agreement with the Secretary of State for Education dated 30 March 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 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.

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material misstatement and irregularity across the Academy Trust's activities.
- Testing and review of areas identified through risk assessment including enquiry, observation, inspection and review of supporting evidence.
- Review of system controls, policies and procedures in place to ensure compliance with the regularity regime

THE MARLBOROUGH SCIENCE ACADEMY LIMITED
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
MARLBOROUGH SCIENCE ACADEMY LIMITED AND THE EDUCATION FUNDING AGENCY (continued)**

- Consideration of evidence obtained through the work performed as part of our financial statements audit in order to support the regularity conclusion

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.



Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Date: 13th June 2016

THE MARLBOROUGH SCIENCE ACADEMY LIMITED
(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:						
Donations and capital grants	2	5	-	24,199	24,204	24,352
Charitable activities	3	521,362	6,120,655	-	6,642,017	6,457,782
Other trading activities	4	251,915	-	-	251,915	242,793
Investments	5	4,313	-	-	4,313	9,319
TOTAL INCOME		777,595	6,120,655	24,199	6,922,449	6,734,246
EXPENDITURE ON:						
Charitable activities		558,120	6,540,811	263,518	7,362,449	7,305,401
TOTAL EXPENDITURE	8	558,120	6,540,811	263,518	7,362,449	7,305,401
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	17	219,475 (367,341)	(420,156) 351,156	(239,319) 16,185	(440,000) -	(571,155) -
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(147,866)	(69,000)	(223,134)	(440,000)	(571,155)
Actuarial gains/(losses) on defined benefit pension schemes	21	-	(1,191,000)	-	(1,191,000)	68,000
NET MOVEMENT IN FUNDS		(147,866)	(1,260,000)	(223,134)	(1,631,000)	(503,155)
RECONCILIATION OF FUNDS:						
Total funds brought forward		637,457	(1,480,000)	16,420,523	15,577,980	16,081,135
TOTAL FUNDS CARRIED FORWARD		489,591	(2,740,000)	16,197,389	13,946,980	15,577,980

THE MARLBOROUGH SCIENCE ACADEMY LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 08003969

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	2015 £
FIXED ASSETS				
Tangible assets	14		16,174,944	16,420,523
CURRENT ASSETS				
Debtors	15	233,446		245,086
Cash at bank and in hand		759,948		890,944
		<u>993,394</u>		<u>1,136,030</u>
CREDITORS: amounts falling due within one year	16	<u>(481,358)</u>		<u>(498,573)</u>
NET CURRENT ASSETS			512,036	637,457
TOTAL ASSETS LESS CURRENT LIABILITIES			16,686,980	17,057,980
Defined benefit pension scheme liability	21		<u>(2,740,000)</u>	<u>(1,480,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>13,946,980</u>	<u>15,577,980</u>
FUNDS OF THE ACADEMY				
Restricted income funds:				
Restricted funds excluding pension liability		16,197,389		16,420,523
Pension reserve		<u>(2,740,000)</u>		<u>(1,480,000)</u>
Total restricted income funds			13,457,389	14,940,523
Unrestricted income funds	17		<u>489,591</u>	<u>637,457</u>
TOTAL FUNDS			<u>13,946,980</u>	<u>15,577,980</u>

The financial statements were approved by the Trustees, and authorised for issue, on 8/12/16 and are signed on their behalf, by:



J H Walker-Smith **A Thomson (Headteacher)**
Chair of Trustees **Accounting Officer**

The notes on pages 24 to 44 form part of these financial statements.

THE MARLBOROUGH SCIENCE ACADEMY LIMITED
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash used in operating activities	19	<u>(141,569)</u>	<u>(283,712)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		4,313	9,319
Purchase of tangible fixed assets		(17,939)	(49,919)
Capital grants from DfE/EFA		24,199	24,042
Net cash provided by/(used in) investing activities		<u>10,573</u>	<u>(16,558)</u>
Change in cash and cash equivalents in the year		(130,996)	(300,270)
Cash and cash equivalents brought forward		<u>890,944</u>	<u>1,191,214</u>
Cash and cash equivalents carried forward	20	<u><u>759,948</u></u>	<u><u>890,944</u></u>

THE MARLBOROUGH SCIENCE ACADEMY LIMITED
(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.

The Marlborough Science Academy Limited 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 The Marlborough Science Academy Limited 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 The Marlborough Science Academy Limited 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 27.

1.2 Company status

The academy is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

1.3 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 Department for Education.

THE MARLBOROUGH SCIENCE ACADEMY LIMITED
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 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.

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.

1.5 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.

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.

THE MARLBOROUGH SCIENCE ACADEMY LIMITED
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.6 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.

1.7 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.

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

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
Fixtures and fittings	-	10% straight line
Computer equipment	-	25% straight line

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.

1.9 Operating leases

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

THE MARLBOROUGH SCIENCE ACADEMY LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

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 Financial instruments

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.14 Taxation

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

THE MARLBOROUGH SCIENCE ACADEMY LIMITED
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.15 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, 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

THE MARLBOROUGH SCIENCE ACADEMY LIMITED
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.16 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 21, 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:

Valuation of tangible fixed assets

Governors have considered the value of tangible fixed assets. Changes in the circumstances or expectations of future performance of an individual asset may be an indicator that the asset is impaired, which would require the book value to be written down to its recoverable amount. Impairments are reversed if conditions for impairment are no longer present. Due to their nature, evaluating whether an asset is impaired requires a significant degree of judgement and may to a large extent depend on the assumptions made in its evaluation. The governors have concluded that the valuation of the tangible fixed assets as at the year end are appropriate.

Depreciation and residual values

The governors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

1.17 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 trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 27.

THE MARLBOROUGH SCIENCE ACADEMY LIMITED
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**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	5	-	-	5	310
Capital Grants	-	-	24,199	24,199	24,042
	<u>5</u>	<u>-</u>	<u>24,199</u>	<u>24,204</u>	<u>24,352</u>
Total donations and capital grants	5	-	24,199	24,204	24,352

In 2015, of the total income from donations and capital grants, £ 310 was to unrestricted funds and £24,042 was to restricted funds

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	5,861,459	5,861,459	5,765,581
Pupil Premium	-	196,854	196,854	224,200
Other EFA grants	-	-	-	804
	<u>-</u>	<u>6,058,313</u>	<u>6,058,313</u>	<u>5,990,585</u>
Other government grants				
SEN Funding	-	-	-	2,245
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,245</u>
Other funding				
Trip income	247,351	-	247,351	189,513
Catering income	265,200	-	265,200	243,176
Music income	7,711	-	7,711	4,788
Consortium income	-	19,492	19,492	24,283
Other income	1,100	42,850	43,950	3,192
	<u>521,362</u>	<u>62,342</u>	<u>583,704</u>	<u>464,952</u>
	<u>521,362</u>	<u>6,120,655</u>	<u>6,642,017</u>	<u>6,457,782</u>

In 2015, of the total income from charitable activities, £438,419 was to unrestricted funds and £6,019,363 was to restricted funds.

THE MARLBOROUGH SCIENCE ACADEMY LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Student sales income	80,002	-	80,002	77,422
Hire of facilities	140,985	-	140,985	132,740
Other income	27,928	-	27,928	22,881
Rental income	3,000	-	3,000	9,750
	<u>251,915</u>	<u>-</u>	<u>251,915</u>	<u>242,793</u>

In 2015, of the total income from other trading activities, £242,793 was to unrestricted funds and £ NIL was to restricted funds.

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Interest income	4,313	-	4,313	9,319
	<u>4,313</u>	<u>-</u>	<u>4,313</u>	<u>9,319</u>

In 2015, of the total investment income, £9,319 was to unrestricted funds and £ NIL was to restricted funds.

6. DIRECT COSTS

	Educational activities £	Total 2016 £	Total 2015 £
Educational supplies	216,491	216,491	226,612
Examination fees	100,175	100,175	106,245
Staff development	21,060	21,060	25,142
Trip Expenditure	259,243	259,243	197,245
Other direct costs	(1,739)	(1,739)	(11,681)
Catering costs	303,412	303,412	281,049
Music services	20,296	20,296	20,218
Link services	88,387	88,387	42,660
Agency supply costs	203,405	203,405	300,683
Wages and salaries	3,424,018	3,424,018	3,467,317
National insurance	311,614	311,614	274,172
Pension cost	530,556	530,556	498,653
	<u>5,476,918</u>	<u>5,476,918</u>	<u>5,428,315</u>

THE MARLBOROUGH SCIENCE ACADEMY LIMITED
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6. DIRECT COSTS (continued)

In 2015, the academy incurred the following Direct costs:

£5,428,315 in respect of Educational activities

7. SUPPORT COSTS

	Educational activities £	Total 2016 £	Total 2015 £
FRS102 pension cost	56,000	56,000	55,000
Travel and transport costs	17,776	17,776	12,802
Recruitment	14,826	14,826	23,321
Premises maintenance costs	119,114	119,114	130,385
Rent and rates	39,882	39,882	47,666
Technology costs	89,462	89,462	62,857
Insurance costs	35,904	35,904	38,088
Heat and light costs	115,892	115,892	132,853
Printing, postage and stationery	9,568	9,568	13,988
Cleaning and caretaking costs	111,398	111,398	108,980
Professional fees	60,937	60,937	68,044
Other support costs	53,293	53,293	40,613
Security	9,318	9,318	8,302
Bank charges	3,981	3,981	4,078
Governance costs	10,475	10,475	9,625
Publicity	5,270	5,270	885
Wages and salaries	656,936	656,936	643,319
National insurance	46,688	46,688	41,021
Pension cost	165,293	165,293	174,296
Depreciation	263,518	263,518	260,963
	<u>1,885,531</u>	<u>1,885,531</u>	<u>1,877,086</u>

During the year ended 31 August 2016, the academy incurred the following Governance costs:

£10,475 (2015 - £9,625) included within the table above in respect of Educational activities.

In 2015, the academy incurred the following Support costs:

£1,877,086 in respect of Educational activities

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8. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Educational activities:					
Direct costs	4,469,593	-	1,007,325	5,476,918	5,458,315
Support costs	868,917	695,026	321,588	1,885,531	1,847,086
	<u>5,338,510</u>	<u>695,026</u>	<u>1,328,913</u>	<u>7,362,449</u>	<u>7,305,401</u>

In 2016, of the total expenditure, £554,456 (2015 - £467,303) was to unrestricted funds and £6,807,778 (2015 - £6,838,098) was to restricted funds.

9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	263,518	260,963
Auditor's remuneration	7,250	7,000
Auditor's remuneration - non-audit	3,225	2,625
Operating lease rentals:		
- other operating leases	10,956	10,956
	<u>284,949</u>	<u>281,544</u>

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10. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	4,072,754	4,098,636
Social security costs	358,302	315,193
Operating costs of defined benefit pension schemes	695,849	672,949
	<u>5,126,905</u>	<u>5,086,778</u>
Restructuring costs	8,200	12,000
Supply teacher costs	203,405	300,773
	<u>5,338,510</u>	<u>5,399,551</u>

Staff restructuring costs comprise:

Redundancy payments	<u>8,200</u>	<u>12,000</u>
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The average number of persons employed by the academy during the year was as follows:

	2016 No.	2015 No.
Teachers	72	68
Administration and support	64	68
Management	8	8
	<u>144</u>	<u>144</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	4	3
In the band £70,001 - £80,000	2	2
In the band £90,001 - £100,000	1	1

Of the above employees, one (2015: one) participated in the Local Government Pension Scheme. During the period ending 31 August 2016 pension contributions for these staff amounted to £15,957 (2015: £15,037).

Of the above employees, five (2015: four) participated in the Teachers Pension Scheme. During the period ending 31 August 2016, pension contributions for these staff amounted to £55,689 (2015: £38,175).

Of the above employees, one (2015: one) did not participate in either pension scheme.

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10. STAFF COSTS (continued)

The key management personnel of the academy trust comprise the trustees and senior leadership 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 £794,272 (2015: £738,025).

11. TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 3 Trustees (2015 - 3) 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:

		2016 £	2015 £
A Thomson	Remuneration	90,000-95,000	95,000-100,000
	Pension contributions paid	nil	nil
L Bullock	Remuneration	30,000-35,000	30,000-35,000
	Pension contributions paid	5,000-10,000	5,000-10,000
F Edmunds	Remuneration	35,000-40,000	35,000-40,000
	Pension contributions paid	5,000-10,000	5,000-10,000
J Sullivan*	Remuneration	5,000-10,000	5,000-10,000
	Pension contributions paid	0-5,000	nil
B Sweeney	Remuneration	15,000-20,000	nil
	Pension contributions paid	5,000-10,000	nil
B Walker-Smith*	Remuneration	5,000-10,000	5,000-10,000
	Pension contributions paid	0-5,000	0-5,000
N Golds*	Remuneration	35,000-40,000	35,000-40,000
	Pension contributions paid	5,000-10,000	5,000-10,000

During the year, no Trustees received any reimbursement of expenses (2015 - £259).

* J Sullivan is a related party by virtue of being close family of R Sullivan, a trustee. During the period, the employee participated in the Local Government Pension Scheme.

* B Walker-Smith is a related party by virtue of being close family of J H Walker-Smith, a trustee. During the period, the employee participated in the Teachers' Pension Scheme.

* N Golds is a related party by virtue of being close family of B Carter, a trustee. During the period, the employee participated in the Teachers' Pension Scheme.

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12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,229 (2015 - £1,229).

13. OTHER FINANCE INCOME

	2016 £	2015 £
Interest income on pension scheme assets	81,000	63,000
Interest on pension scheme liabilities	(137,000)	(118,000)
	<u>(56,000)</u>	<u>(55,000)</u>

14. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2015	16,846,594	4,500	73,456	276,098	17,200,648
Additions	-	-	7,114	10,825	17,939
At 31 August 2016	<u>16,846,594</u>	<u>4,500</u>	<u>80,570</u>	<u>286,923</u>	<u>17,218,587</u>
Depreciation					
At 1 September 2015	602,500	1,800	17,157	158,668	780,125
Charge for the year	183,692	900	8,057	70,869	263,518
At 31 August 2016	<u>786,192</u>	<u>2,700</u>	<u>25,214</u>	<u>229,537</u>	<u>1,043,643</u>
Net book value					
At 31 August 2016	<u>16,060,402</u>	<u>1,800</u>	<u>55,356</u>	<u>57,386</u>	<u>16,174,944</u>
At 31 August 2015	<u>16,244,094</u>	<u>2,700</u>	<u>56,299</u>	<u>117,430</u>	<u>16,420,523</u>

The value of the academy's land has been included in the freehold property cost of £16,846,594 at £7,662,000 (2015: £7,662,000) and is not depreciated.

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15. DEBTORS

	2016 £	2015 £
Trade debtors	12,768	4,659
Other debtors	69,068	76,609
Prepayments and accrued income	151,610	163,818
	<u>233,446</u>	<u>245,086</u>

16. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	22,778	99,155
Other taxation and social security	102,732	92,712
Other creditors	98,313	80,297
Accruals and deferred income	257,535	226,409
	<u>481,358</u>	<u>498,573</u>

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	162,825	69,615
Resources deferred during the year	136,041	162,825
Amounts released from previous years	(162,825)	(69,615)
Deferred income at 31 August 2016	<u>136,041</u>	<u>162,825</u>

At the balance sheet date the academy trust was holding funds received in advance for trips taking place in the 2016/17 academic year.

17. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	<u>637,457</u>	<u>777,595</u>	<u>(558,120)</u>	<u>(367,341)</u>	<u>-</u>	<u>489,591</u>

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17. STATEMENT OF FUNDS (continued)

Restricted funds

General Annual Grant (GAG)	-	5,861,459	(6,212,615)	351,156	-	-
Pupil Premium	-	196,854	(196,854)	-	-	-
Other restricted funding	-	62,342	(62,342)	-	-	-
Pension reserve	(1,480,000)	-	(69,000)	-	(1,191,000)	(2,740,000)
	<u>(1,480,000)</u>	<u>6,120,655</u>	<u>(6,540,811)</u>	<u>351,156</u>	<u>(1,191,000)</u>	<u>(2,740,000)</u>

Restricted fixed asset funds

Restricted fixed asset fund	16,420,523	-	(263,518)	17,939	-	16,174,944
EFA capital grants	-	24,199	-	(1,754)	-	22,445
	<u>16,420,523</u>	<u>24,199</u>	<u>(263,518)</u>	<u>16,185</u>	<u>-</u>	<u>16,197,389</u>
Total restricted funds	<u>14,940,523</u>	<u>6,144,854</u>	<u>(6,804,329)</u>	<u>367,341</u>	<u>(1,191,000)</u>	<u>13,457,389</u>
Total of funds	<u>15,577,980</u>	<u>6,922,449</u>	<u>(7,362,449)</u>	<u>-</u>	<u>(1,191,000)</u>	<u>13,946,980</u>

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the Education Funding Agency by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the academy.

Pupil Premium is a grant allocated to academies with pupils that are known to be eligible for free school meals. The purpose is to raise attainment for pupils from low income families.

The pension reserve represents the net deficit on the LGPS defined benefit pension scheme. The deficit arose because of the pension scheme deficit inherited upon conversion. Future GAG funding agreed by the EFA is expected to be sufficient to take the fund back into surplus.

The restricted fixed asset fund includes the freehold buildings and all other fixed assets greater than £1,000. Depreciation charged on the assets is allocated to the fund. Transfers in to the fixed asset fund relates to fixed asset additions funded from unrestricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS
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18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	16,174,944	16,174,944	16,420,523
Current assets	621,531	349,418	22,445	993,394	1,136,030
Creditors due within one year	(131,940)	(349,418)	-	(481,358)	(498,573)
Provisions for liabilities and charges	-	(2,740,000)	-	(2,740,000)	(1,480,000)
	<u>489,591</u>	<u>(2,740,000)</u>	<u>16,197,389</u>	<u>13,946,980</u>	<u>15,577,980</u>

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

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(440,000)	(571,155)
Adjustment for:		
Depreciation charges	263,517	260,963
Dividends, interest and rents from investments	(4,313)	(9,319)
Decrease/(increase) in debtors	11,641	(24,453)
(Decrease)/increase in creditors	(17,215)	4,294
Capital grants from DfE and other capital income	(24,199)	(24,042)
Defined benefit pension scheme finance cost	69,000	80,000
Net cash used in operating activities	<u>(141,569)</u>	<u>(283,712)</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	759,948	890,944
Total	<u>759,948</u>	<u>890,944</u>

21. 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 Hertfordshire 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.

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21. PENSION COMMITMENTS (continued)

Contributions amounting to £81,457 were payable to the schemes at 31 August 2016 (2015 - £79,067) 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:

- 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 £530,556 (2015 - £498,653).

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.

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21. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £327,000 (2015 - £348,000), of which employer's contributions totalled £262,000 (2015 - £279,000) and employees' contributions totalled £65,000 (2015 - £69,000). The agreed contribution rates for future years are 25.3% for employers and 5.5% to 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:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Expected return on scheme assets at 31 August	2.10 %	3.80 %
Rate of increase in salaries	3.60 %	4.10 %
Rate of increase for pensions in payment / inflation	2.10 %	2.70 %

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	22.3	22.3
Females	24.5	24.5
Retiring in 20 years		
Males	24.3	24.3
Females	26.7	26.7

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,642,410	1,219,540
Debt instruments	729,960	531,090
Property	182,490	137,690
Cash	52,140	78,680
Total market value of assets	<u>2,607,000</u>	<u>1,967,000</u>

The actual return on scheme assets was £334,000 (2015 - £80,000).

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21. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Current service cost	(275,000)	(304,000)
Net interest cost	(56,000)	(55,000)
	<u>(331,000)</u>	<u>(359,000)</u>
Total	<u>(331,000)</u>	<u>(359,000)</u>
Actual return on scheme assets	<u>334,000</u>	<u>81,000</u>

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

	2016 £	2015 £
Opening defined benefit obligation	3,447,000	3,019,000
Current service cost	275,000	304,000
Interest cost	137,000	118,000
Contributions by employees	65,000	69,000
Actuarial losses/(gains)	1,444,000	(85,000)
Benefits paid	(21,000)	(12,000)
	<u>5,347,000</u>	<u>3,413,000</u>
Closing defined benefit obligation	<u>5,347,000</u>	<u>3,413,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	1,967,000	1,551,000
Interest income	81,000	63,000
Actuarial gains and (losses)	253,000	(17,000)
Contributions by employer	262,000	279,000
Contributions by employees	65,000	69,000
Benefits paid	(21,000)	(12,000)
	<u>2,607,000</u>	<u>1,933,000</u>
Closing fair value of scheme assets	<u>2,607,000</u>	<u>1,933,000</u>

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22. 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	7,510	7,510
Between 1 and 5 years	-	7,510
Total	<u>7,510</u>	<u>15,020</u>

23. MEMBERS' LIABILITY

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

24. RELATED PARTY TRANSACTIONS

Details of related party transactions in the period have been detailed in note 11.

During the year, the academy made purchases totalling £nil (2015: £26) from SSAT (The Schools Network) Limited, a company in which A Ware is employed, but is not a director. At the year end £nil (2015: £nil) was outstanding.

During the year, the academy made purchases totalling £36 (2015: £nil) from SA Law LLP, a company in which S Walsh is employed, but is not a director. At the year end £nil (2015: £nil) was outstanding.

25. CONTROLLING PARTY

In the opinion of the governors there is no ultimate controlling party.

26. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016 the trust received £16,367 and disbursed £1,271 from the fund. An amount of £16,326 is included in other creditors relating to undistributed funds that is repayable to EFA.

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27. FIRST TIME ADOPTION OF FRS 102

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

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

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	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		16,081,135	15,577,980
Total funds reported under FRS 102		<u>16,081,135</u>	<u>15,577,980</u>

Reconciliation of net (expenditure)	Notes	31 August 2015 £
Net (expenditure) previously reported under UK GAAP		(541,155)
Change in recognition of LGPS interest cost	A	<u>(30,000)</u>
Net movement in (expenditure) reported under FRS102		<u>(571,155)</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. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expense. 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 reduce the credit to income by £30,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.