



Company Registration No. 09174628 (England and Wales)

**THE STOUR FEDERATION**  
**(A COMPANY LIMITED BY GUARANTEE)**

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



# THE STOUR FEDERATION

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# THE STOUR FEDERATION

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Governors

Mr C Hilton (Head Teacher)  
Mr D R Atkins (Vice Chair of Governors)  
Mrs J M Brown (Chair of Resources)  
Mrs J Barker (Chair of Governors from 28 September 2016)  
Mr M J Dumelow  
Mr I D Fairbourn (Chair of Performance and Standards)  
Mrs J Harris  
Mrs J Rice (Chair of Pupils, Parents and Community)  
Mr E F Hobday  
Rev A Coleby  
Mr S C Gray (Chair of Governors to 28 September 2016)  
Mrs L Molson  
Mr N Jennngs  
Mr T Wrigley  
Mrs R Sellars  
Mrs H Young  
Ms A Williams (Resigned 31 August 2016)  
Mr C Saint (Resigned 11 September 2015)  
Mrs N Hazelton (Appointed 1 September 2015)  
Mrs A Holland  
Mr G Roberts (Appointed 1 September 2015)  
Mrs M Tompkinson (Appointed 1 September 2015)

### Members

- Vice Chair of Governors	Mr S C Gray
- Chair of Performance and Standards	Mr D R Atkins
- Chair of Pupils, Parents and Community	Mr I D Fairbourn
- Chair of Resources	Mrs J Rice
	Mrs J Brown

### Senior management team

- Head of Federation	Mr C Hilton
- Associate Head	Mrs H Young
- Associate Head	Mr G Roberts

### Company registration number

09174628 (England and Wales)

### Registered office

Station Road  
Shipston-On-Stour  
Warwickshire  
CV36 4BT  
United Kingdom

### Academies operated

Acorns Primary  
Shipston-On-Stour Primary School

### Location

Long Compton  
Shipston-On-Stour

### Head Of Federation

Mr Christian Hilton  
Mr Christian Hilton



# THE STOUR FEDERATION

## REFERENCE AND ADMINISTRATIVE DETAILS

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**Independent auditor**

Ellacotts LLP  
Countrywide House  
23 West Bar  
Banbury  
Oxfordshire  
OX16 9SA  
England

**Bankers**

Lloyds TSB Bank plc  
1 City Road East  
Manchester  
M15 4PU

**Solicitors**

Harrison Clark Rickerbys  
Ellenborough House  
Wellington Street  
Cheltenham  
Gloucestershire  
GL50 1YD



# THE STOUR FEDERATION

## GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2016

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The Governors present their annual report together with the audited financial statements of the Academy Trust (Federation) for the period to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Academy Trust operates as a federation of two primary schools located 6 miles apart, these are Shipston Primary School and Acorns Primary School for the catchment areas of Shipston-on-Stour and Long Compton respectively.

Shipston Primary School has a pupil capacity of 420 ages 4-11 year olds and had a roll of 397 in the school census in September 2014. Acorns Primary School has a capacity of 83 ages 3-11 year olds and had a roll of 76 in the school census of September 2015.

### **Structure, governance and management**

#### Constitution

The Federation 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 Federation. The Trust was incorporated on 13th August 2014, and converted to academy status on 1 September 2014.

The Governors are the trustees of The Stour Federation and are also the directors of the charitable company for the purposes of company law. Details of the Governors who served during the year are included in the Reference and Administrative Details on page 1.

Shipston-on-Stour Primary School and Acorns Primary, in the nearby village of Long Compton, are part of the Stour Federation. The Federation is well established, having federated in January 2011. The two schools are under the leadership of the Head of Federation of Shipston Primary, with two Associate Head Teachers overseeing the day to day management of the two schools. The Federation has a single federated governing body but each school retains its own character, admission arrangements, budget and uniform, and will continue to have separate Ofsted inspections.

#### 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 article 5 of the charitable company's Articles of Association third party indemnity provision is in place with the Department for Education's Risk Protection Arrangement (RPA) with unlimited cover.

#### Method of recruitment and appointment or election of Governors

The Head of Federation is an ex officio member of the Governing Body. Up to 18 governors are appointed for a 4 year term with a maximum of 6 parent governors, 2 staff governors, 6 community governors, 2 LA influenced governors and 2 associate governors which are elected to office or appointed.

The Chairman, Vice Chairman and Chairs of the 3 committees are also Members.

#### Policies and procedures adopted for the induction and training of Governors

The Chair of Governors meets with new governors to discuss roles and responsibilities. New Governors are able to attend training courses provided by the Local Authority Governor Services.

Under Article 4 of the Academy's Articles of Association;

The Stour Federation's object is specifically restricted to advance, for 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 the Federation, offering a broad based primary curriculum to pupils of different abilities.



# THE STOUR FEDERATION

## GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

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### Organisational structure

The structure of the Academy consists of three senior levels:

- 1) The Governing Body
- 2) The Head of Federation
- 3) The Senior Leadership Team which consists of the Head of Federation and the Associate Head Teachers for each school.

The aim of this management structure is to distribute responsibility and accountability and encourage involvement in decision making at all levels to enable the Federation to nurture the talents of its entire staff to support continual improvement and excellence.

The Governing Body is responsible for setting the Federation's policies, adopting the Learning Improvement Plans (LIPs) and approving the annual budget, monitoring performance against these plans and making major decisions about the direction of the Academy including its curriculum, the achievement and welfare of the pupils and personnel.

The Head of Federation and Senior Leadership Team control the Federation at an executive level, implementing the policies set by the Governing Body and reporting back to them.

The Governing Body has established four committees. Each committee has its own Terms of Reference detailing the responsibilities discharged to the committee and to the Head of Federation (the Accounting Officer). Each committee meets every half term and Terms of Reference for each committee are reviewed and approved by the Governing Body annually.

The committees of the Governing Body are:

- Full Governors
- Resources
- Performance and Standards
- Pupils, Parents and Community

Note: the Governing Body requires the Members to discharge the duties of the Audit Committee. These are detailed in the Full Governors Terms of Reference.

### Arrangements for setting pay and remuneration of key management personnel

The Governors consider the Governors of the Federation and the Senior Leadership Team comprise the key management personnel of the Federation who are in charge of directing and controlling, running and operating the Federation on a day to day basis. The pay of the Senior Leadership Team is reviewed annually and where appropriate and increased in line with average earnings. The Federation benchmark the pay of the Senior Leadership Team against national pay scale levels and other schools. The head Teacher and other staff governors who are part of the Senior Leadership Team only receive remuneration in respect of service they provide undertaking the roles of Head Teacher and staff, and not in respect of their services as Governors.

All other Governors give of their time freely and no other Governor apart from the Head Teacher and Staff Governors received remuneration in the year. Details of the Governors' expenses and related party transactions are disclosed in note 9 to the accounts.



# THE STOUR FEDERATION

## GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

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### Related parties and other connected charities and organisations

There are no related parties which either control or significantly influence the decisions and operations of The Stour Federation Multi Academy Trust.

Each school has a parent teacher association. There are no staff members or governors of the academy named as trustees of either PTA. All donations received from the PTA are declared through statutory accounts.

The Stour Federation is affiliated to the Gateway Alliance Schools Company, providing continuous professional development for schools in Warwickshire.

Pupils across The Stour Federation have raised funds for local and national charities, including Children in Need, Comic Relief, RSPCA, local food banks and Help for Heroes through whole school events, such as non-uniform days, and through child-organised events such as loom band sales, bring and buy sales and cake sales. Many children volunteered to help run stalls at Christmas and Summer Fairs.

### **Objectives and activities**

#### Objects and aims

#### **Personal Attributes of Pupils/Staff**

To foster and develop confident, open and receptive learners who are able to communicate, think creatively and critically and embrace challenge through:

- expectation
- modelling
- the academy's curriculum and other learning opportunities
- approach to teaching and learning
- working in genuine partnership to strengthen schools and their communities

#### **Potential**

To encourage each individual to maximise their potential as highly motivated life long learners through:

- recognition of achievement
- building self-confidence
- promoting self discipline
- expectation
- embracing change
- commitment

#### **Learning Environment**

To provide a welcoming, well-maintained and aesthetically pleasing learning environment, with high expectations of behaviour, effort and achievement through:

- the Multi Academy Trust RESPECT code
- provision for health and safety
- the highest staff expectations of pupils' behaviour
- effective and responsive systems of monitoring individual pupils and staff performance
- stimulating displays
- environmental responsibility

#### **Sense of Place**

To enable children to value and develop a sense of community through:

- celebrating our local area
- participating in and leading local events
- opportunities to experience life and cultures both in within the UK and the wider world



# THE STOUR FEDERATION

## GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

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### **Relationships**

To develop and promote positive relationships within the academy community, with parents and the wider world through:

- an active involvement in the learning process
- modelling
- expectation
- opportunities to collaborate
- high quality leadership
- effective communication systems

### **Well Being**

To provide high quality social, moral and personal education, appropriate to the needs of the child, allowing each individual to lead a rewarding and happy life through:

- the Academy Trust's curriculum
- programme of collective worship
- school relationships
- opportunities to raise an individuals' self esteem
- links to outside agencies
- self respect and respect for others

### **Curriculum**

To provide a rich curriculum that creates meaningful opportunities for the development of skills and knowledge through

- a high quality innovative curriculum
- a wide variety of approaches to outstanding teaching and learning and a rich, dynamic and purposeful range of learning opportunities
- allowing pupils to make mistakes
- supporting children in taking them to the 'edge of their learning'

### **Inclusion**

To allow pupils to access the schools' curriculum and participate in all areas of Academy life through:

- an effective equal opportunities policy
- highly inclusive and supporting learning environment

### Objectives, strategies and activities

The main Academy Trust Improvement priorities for 2015-2016 were as follows:

1. Accelerate pupil progress in reading, writing, maths and across the curriculum so that pupils in all year groups are at least meeting age related expectations.
2. Raise the quality of teaching further so that all teaching is at least good and much outstanding, triangulated with the quality of learning, progress, data and work in books across the curriculum.
3. Further develop and refine the delivery of a bespoke curriculum for children at The Stour Federation in line with statutory expectations.

### **The Achievement of pupils at the school**

- Ensure Year 6 pupils make good progress in core subjects by the end of Key Stage 2, with similar levels of achievement in non-core subjects.
- Ensure all pupils in Year 2 make at least good progress at the end of Key Stage 1 in reading, writing and maths, from the start of Year 1 on-entry assessment.
- Reception cohort exceeds National Average Good Level of Development

### **The Behaviour and Safety of Pupils in School**

- The promotion of SMSC through Values Education to support children's learning and well-being. To raise confidence levels in staff in dealing with parents through training
- E-Safety and digital wisdom is at the heart of the new computing curriculum.
- Pupil attitudes and behaviour for learning.
- Closely following Warwickshire recommended Protective Behaviours programme.



# THE STOUR FEDERATION

## GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

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### **The Quality of Teaching in School**

- The consistency, progression and challenge in reading, phonics and writing across all subjects, including presentation and handwriting.
- Beyond Big Maths – embedding key maths skills through real life investigations, problems and questions across the curriculum.
- Teachers accurately assess attainment and track progress in national curriculum subjects using new assessment criteria.

### **Quality of Leadership in the Management of the School**

- The rapid induction of a new Associate Head and management structure to enable continued high level of success.
- Enhancing SEN provision, assessment and communication under new reforms.
- The implementation and development of a new assessment system to accurately inform attainment and achievement of all pupils.

### Public benefit

The Governing Body have complied with its duty to have due regard to the guidance on public benefit in exercising its powers and duties published by the Charity Commission.

The key aim of the Governing Body is the provision of excellent non-selective primary education through the provision of a broad curriculum, pastoral care and enrichment for the pupils of the Federation. The public benefit of this provision is identifiable in the educational attainment of our pupils as published on our websites annually.

Education at Shipston and Acorns is open to all primary aged pupils in the catchment areas regardless of race, gender, religion, social class or ability.

In accordance with Object 4b of our Articles of Association, the Governing Body actively promotes the use of our facilities for the benefit of our local communities.

### **Strategic report**

#### **Achievements and performance**

Academic achievement is only a small part of what we do in the Stour Federation Multi Academy Trust and it was notable that performance has been strong in a variety of sports. Both Shipston and Acorns have competed well against local, district and county opposition, in particular, swimming, cross country, athletics, netball, tag rugby, cycling and football have seen many honours earned. Acorns earned the National Sports Silver Award; Shipston earned National Sports Award Silver. These awards reflect participation in (and enjoyment of) a wide variety of sports by a high percentage of pupils as well as the provision of a wide range of extra-curricular sporting clubs.

In the arts, the schools held annual end of year productions which all the children entered into enthusiastically. Children from both schools acted in 'A Midsummer Night's Dream' at the *Shakespeare into Schools* event in Birmingham. Choirs at both schools performed at a variety of public events at Christmas and Easter; at Christmas and Summer Fairs; at the Young Voices concert in Birmingham and at the Shipston Proms.

In addition to the curriculum on offer at each school, the children have had the opportunity to attend a wide variety of school clubs and a residential visit to Manor Adventure in Wales. Trips included the Imperial War Museum in London, The Ashmolean in Oxford and the National Space Centre. Children in Y6 held a video interview with the author Michael Morpurgo.



## THE STOUR FEDERATION

### GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

#### Key performance indicators

##### EYPS – Pupils awarded expected or exceeding grade

	Shipston	Acorns	Warwickshire	National
Total Eligible Pupils	60	9	6240	
Good Level of Development	75%	100%	71%	69%
Average Total Assessment Score	35.6	45.6	34.4	34.4

##### YEAR 1 PHONICS - Pupils working at or working towards required level

	Shipston	Acorns	Warwickshire	National
Total Eligible Pupils	60	9	6204	
Working at Required Level	88%	100%	82%	81%
Working Towards Required Level	12%	0%	18%	19%

##### KEY STAGE 1 – Pupils achieving

	Shipston	Acorns	Warwickshire	National
Total Eligible Pupils	54	16	6204	
% working at Age Related Expectation				
Reading	81%	81%	76%	74%
Writing	69%	69%	67%	66%
Maths	80%	88%	74%	73%
Reading, Writing and Maths	69%	69%	62%	60%
% working at Greater Depth				
Reading	22%	50%	28%	24%
Writing	11%	38%	16%	13%
Maths	11%	44%	22%	18%
Reading, Writing and Maths	7%	38%	12%	9%

##### KEY STAGE 2 – Pupils achieving

	Shipston	Acorns	Warwickshire	National
Total Eligible Pupils	56	9	5823	
% working at Age Related Expectation				
Reading	61%	67%	69%	66%
Writing	71%	78%	77%	73%
Maths	73%	67%	71%	70%
GPS	75%	67%	74%	72%
Reading, Writing and Maths	46%	56%	57%	52%
% working at Greater Depth				
Reading	23%	11%	23%	19%
Writing	13%	44%	22%	14%
Maths	23%	0%	18%	17%
GPS	25%	22%	25%	22%
Reading, Writing and Maths	7%	0%	8%	5%



# THE STOUR FEDERATION

## GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

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### Going concern

After making appropriate enquiries, the Board of Governors has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the Governing Body 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 Accounting Policies note in the financial statements.

### **Financial review**

The majority of the Federation's income was obtained from the Education Funding Agency (EFA) in the form of the General Academies Grant (GAG), the use of which was restricted to particular purposes. The grant 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.

During the period ended 31 August 2016, the excess expenditure over income for the year was £414,382 including depreciation and the actuarial loss.

At 31 August 2016 the net book value of assets was £4,000,408. The assets were exclusively for providing education and the associated support services to the pupils of the Academy.

The Federation's non-teaching staff are entitled to membership of the Local Government Pension Scheme and consequently, the Federation balance shows a net position liability of £663,000.

### Reserves policy

The Governing Body has deemed that the appropriate level of cash reserves should enable the Federation to continue its rolling programme of improvements and in particular at least ensure that wages and salary expenses can be met in full on a monthly basis.

As of 31 August 2016 the Federation has Restricted General Reserves of negative £663,000 (2015: £476,061 negative). This includes the Local Government Pension Scheme reserve deficit of £663,000 (2015: £417,000).

The Federation had Restricted Fixed Asset Reserves of £4,036,661 (2015: £4,204,891) representing the land and buildings relating to the Federation and assets acquired by restricted grants. The Federation also had Unrestricted Reserves of £272,401 (2015: £331,614).

### Investment policy and powers

The aim of the policy is to ensure that funds which The Stour Federation does not need to cover anticipated expenditure are invested in such a way as to be reasonably accessible and maximise income without risk and to spend public monies entrusted to us for the direct educational benefit of pupils as soon as is prudent. The Stour Federation does not consider the investment of surplus funds as a primary activity, rather as a result of good practice as and when circumstances allow.

The purpose of the Investment and Reserves Policy is

- To ensure adequate cash balances are maintained in the Lloyds current account to cover day to day working capital requirements for a period of 3 months
- To ensure there is no risk or loss in capital value of any cash invested.
- To protect the capital value of any invested funds against inflation
- To optimise returns on invested funds
- To ensure value for money
- To exercise care and skill in investment decisions, taking advice, as appropriate, from a professional advisor
- Ensure all investment decisions are in the best interests of the trust and command broad public support.

The policy is reviewed annually by the Resources Committee.



## THE STOUR FEDERATION

### GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

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#### Principal risks and uncertainties

The Federation maintains a risk register that identifies the major risks to which it is exposed, in particular those relating to Health & Safety and Safeguarding together with finance, HR and ICT.

The Governing Body assess the principal risks facing the Federation as follows;

1. Personal injury on premises – Health & Safety Policy, external audit and named governor to monitor
2. Abuse of child or staff – Robust safeguarding procedures in place. DBS register maintained and named governor to monitor.
3. Demographic changes – Two District Councillors on the Board to monitor the situation.
4. Personal injury on school trip – Staff trained on Off-Site Policy and procedures
5. Adverse Ofsted – Close monitoring of teaching and learning by Performance and Standards committee, detailed Head Teacher reports and learning walks carried out by governors.

The risk register is approved and monitored annually by the Resources Committee in consultation with the other committees.

#### Financial and risk management objectives and policies

The Federation has an effective system of internal financial controls as outlined in the Governance Statement.

External audits are carried out regularly and the Resources Committee monitor all policies and procedures annually.

The Board of Trustees has drawn up a formal risk management process to assess business risks and implement risk management strategies. This has involved identifying the types of risk the Federation faces and prioritising them in terms of their potential operational and financial impact. The internal control systems and the exposure to risks are considered on a regular basis by the management and Trustees.

#### **Plans for future periods**

The Trustees' Premises Development Plan is currently being completed and will act as a working document which aids decision making with regard to prioritising for future projects and developments.

Projects identified for Shipston are toilet refurbishment, water pipe replacement, developing the ITC suite, extending car parking and further window replacement.

Projects identified for Acorns are replacing the existing nursery building and boiler replacement

Where funds allow, projects will be funded from school budgets, for larger projects external grant funding will be sourced.

#### **Funds held as custodian trustee on behalf of others**

The Federation does not hold any funds as Custodian Trustees on behalf of other Charities.



## THE STOUR FEDERATION

### GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

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#### 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 have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

A resolution proposing that Ellacotts LLP be reappointed as auditor of the charitable company will be put to the members.

The Governors' report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on ...<sup>30<sup>th</sup> November</sup> 2016 and signed on its behalf by:

  
.....  
Mrs J Barker  
Chair of Governors



# THE STOUR FEDERATION

## GOVERNANCE STATEMENT

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### Scope of responsibility

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

The Board of Governors has delegated the day-to-day responsibility to the Head of Federation, 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 Stour Federation and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

#### Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Board of Governors has formally met 5 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governors	Meetings attended	Out of possible
Mr C Hilton (Head Teacher)	5	5
Mr D R Atkins (Vice Chair of Governors)	4	5
Mrs J M Brown (Chair of Resources)	4	5
Mrs J Barker (Chair of Governors from 28 September 2016)	4	5
Mr M J Dumelow	4	5
Mr I D Fairbourn (Chair of Performance and Standards)	4	5
Mrs J Harris	4	5
Mrs J Rice (Chair of Pupils, Parents and Community)	3	5
Mr E F Hobday	5	5
Rev A Coleby	3	5
Mr S C Gray (Chair of Governors to 28 September 2016)	3	5
Mrs L Molson	4	5
Mr N Jennngs	5	5
Mr T Wrigley	4	5
Mrs R Sellars	1	5
Mrs H Young	4	5
Ms A Williams (Resigned 31 August 2016)	1	5
Mr C Saint (Resigned 11 September 2015)		
Mrs N Hazelton (Appointed 1 September 2015)	4	5
Mrs A Holland	5	5
Mr G Roberts (Appointed 1 September 2015)	3	5
Mrs M Tompkinson (Appointed 1 September 2015)	3	5

A new Chair of Governors, Mrs J Barker, was elected on 28 September 2016. The previous Chair, Mr S C Gray remains on the governing body.

The governors are currently undertaking a skills audit and self evaluation.

#### Review of value for money

As accounting officer the Head of Federation 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 STOUR FEDERATION

### GOVERNANCE STATEMENT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2016

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The accounting officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Governors 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:

Better purchasing, this has been achieved through:

- Reviewing of the budget at Governors meetings;
- Adhering to purchasing policies; and
- Negotiating costs for goods and services.

#### **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 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 The Stour Federation for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts.

#### **Capacity to handle risk**

The board of Governors has reviewed 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 board of Governors is of the view that there is a formal ongoing 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 accounts. This process is regularly reviewed by the board of Governors.

#### **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 Board of Governors;
- regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Governors has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the Governors have appointed Ellacotts LLP, the external auditor, to perform additional checks.

The external auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis, the external auditor reports to the Board of Governors through the Resources Committee on the operation of the systems of control and on the discharge of the financial responsibilities of the Board of Governors.

The external auditor has delivered their schedule of work as planned. No material control issues arose as a result of the external auditor's work.



**THE STOUR FEDERATION**  
**GOVERNANCE STATEMENT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Review of effectiveness**

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

- the additional program of work performed by the external auditor;
- 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 result of their review of the system of internal control by the Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Governors on 30<sup>th</sup> November and signed on its behalf by:  
2016

Mr C Hilton  
Head Teacher

Mrs J Barker  
Chair of Governors



## THE STOUR FEDERATION

### STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2016

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As accounting officer of The Stour Federation I have considered my responsibility to notify the Academy Trust Board of Governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy 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's Board of Governors 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 Governors and EFA.

Mr C Hilton  
Accounting Officer

30 November 2016



## THE STOUR FEDERATION

### STATEMENT OF GOVERNORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2016

The Governors (who act as trustees for The Stour Federation and are also the directors of The Stour Federation for the purposes of company law) are responsible for preparing the Governors' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare accounts for each financial year. Under company law the Governors must not approve the accounts 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 accounts, the Governors are required to:

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

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

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

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

Approved by order of the Board of Governors on 30<sup>th</sup> November and signed on its behalf by:

Mrs J Barker  
Chair of Governors

2016



## THE STOUR FEDERATION

### INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF THE STOUR FEDERATION

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We have audited the accounts of The Stour Federation for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and 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', the Charities SORP 2015 and the Academies Account 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 opinions we have formed.

#### **Respective responsibilities of Governors and auditors**

As explained more fully in the Governors' Responsibilities Statement set out on page 12, the Governors, who are also the directors of The Stour Federation for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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 accounts**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **Opinion on accounts**

In our opinion the accounts:

- 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Governors' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.



## THE STOUR FEDERATION

### INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF THE STOUR FEDERATION (CONTINUED)

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#### **Matters on which we are required to report by exception**

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

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

*Ellacotts CB*

David Stevens BA FCA (Senior Statutory Auditor)  
for and on behalf of Ellacotts LLP

#### **Chartered Accountants & Statutory Auditor**

Countrywide House  
23 West Bar  
Banbury  
Oxfordshire  
OX16 9SA  
England

Dated: *15 December 2016*



## THE STOUR FEDERATION

### INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE STOUR FEDERATION AND THE EDUCATION FUNDING AGENCY

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In accordance with the terms of our engagement letter dated 10 April 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Stour Federation during the period 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 Stour Federation and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the The Stour Federation 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 The Stour Federation and the EFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of The Stour Federation's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Stour Federation's funding agreement with the Secretary of State for Education dated 29 August 2014 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

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

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

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

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



## THE STOUR FEDERATION

### INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE STOUR FEDERATION AND THE EDUCATION FUNDING AGENCY (CONTINUED)

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#### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 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.

#### Reporting Accountant

Ellacotts LLP

Chartered Accountants & Business Advisers

Countrywide House

23 West Bar

Banbury

Oxfordshire

OX16 9SA

England

Dated: ..... 15 December 2016



## THE STOUR FEDERATION

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

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2016 £	Total 2015 £
<b>Income and endowments from:</b>						
Donations and capital grants	2	-	-	13,210	13,210	158,661
Donations - transfer from local authority on conversion		-	-	-	-	4,176,908
Charitable activities:						
- Funding for educational operations	3	-	2,042,229	-	2,042,229	1,848,217
Other trading activities	4	27,659	104,949	-	132,608	100,372
Investments	5	512	-	-	512	379
<b>Total income and endowments</b>		<u>28,171</u>	<u>2,147,178</u>	<u>13,210</u>	<u>2,188,559</u>	<u>6,284,537</u>
<b>Expenditure on:</b>						
Raising funds	6	-	3,638	-	3,638	11,370
Charitable activities:						
- Educational operations	7	-	2,202,863	181,440	2,384,303	2,212,723
<b>Total expenditure</b>	6	<u>-</u>	<u>2,206,501</u>	<u>181,440</u>	<u>2,387,941</u>	<u>2,224,093</u>
<b>Net income/(expenditure)</b>		28,171	(59,323)	(168,230)	(199,382)	4,060,444
Transfers between funds		(87,384)	87,384	-	-	-
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	17	-	(215,000)	-	(215,000)	-
<b>Net movement in funds</b>		<u>(59,213)</u>	<u>(186,939)</u>	<u>(168,230)</u>	<u>(414,382)</u>	<u>4,060,444</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		331,614	(476,061)	4,204,891	4,060,444	-
Total funds carried forward		<u>272,401</u>	<u>(663,000)</u>	<u>4,036,661</u>	<u>3,646,062</u>	<u>4,060,444</u>



## THE STOUR FEDERATION

### STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

Comparative information ended 31 August 2015	Notes	Unrestricted	Restricted funds:		Total
		Funds	General	Fixed asset	2015
		£	£	£	£
<b>Income and endowments from:</b>					
Donations and capital grants	2	-	-	158,661	158,661
Donations - transfer from local authority on conversion		325,530	(375,000)	4,226,378	4,176,908
Charitable activities:					
- Funding for educational operations	3	-	1,848,217	-	1,848,217
Other trading activities	4	5,705	94,667	-	100,372
Investments	5	379	-	-	379
<b>Total income and endowments</b>		<u>331,614</u>	<u>1,567,884</u>	<u>4,385,039</u>	<u>6,284,537</u>
<b>Expenditure on:</b>					
Raising funds	6	-	11,370	-	11,370
Charitable activities:					
- Educational operations	7	-	2,032,575	180,148	2,212,723
<b>Total expenditure</b>	6	<u>-</u>	<u>2,043,945</u>	<u>180,148</u>	<u>2,224,093</u>
<b>Net income/(expenditure)</b>		331,614	(476,061)	4,204,891	4,060,444
<b>Reconciliation of funds</b>					
Total funds brought forward		-	-	-	-
Total funds carried forward		<u>331,614</u>	<u>(476,061)</u>	<u>4,204,891</u>	<u>4,060,444</u>

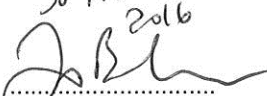


# THE STOUR FEDERATION

## BALANCE SHEET AS AT 31 AUGUST 2016

	Notes	2016		2015	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11		4,000,408		4,181,847
<b>Current assets</b>					
Debtors	12	16,031		45,136	
Cash at bank and in hand		460,708		490,346	
		<u>476,739</u>		<u>535,482</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	13	(168,085)		(239,885)	
		<u></u>		<u></u>	
<b>Net current assets</b>			308,654		295,597
<b>Net assets excluding pension liability</b>			<u>4,309,062</u>		<u>4,477,444</u>
Defined benefit pension liability	17		(663,000)		(417,000)
			<u></u>		<u></u>
<b>Net assets</b>			<u>3,646,062</u>		<u>4,060,444</u>
<b>Funds of the Academy Trust:</b>					
<b>Restricted funds</b>	15				
- Fixed asset funds			4,036,661		4,204,891
- Restricted income funds			-		(59,061)
- Pension reserve			(663,000)		(417,000)
			<u>3,373,661</u>		<u>3,728,830</u>
<b>Total restricted funds</b>			3,373,661		3,728,830
<b>Unrestricted income funds</b>	15		272,401		331,614
			<u>3,646,062</u>		<u>4,060,444</u>
<b>Total funds</b>			<u>3,646,062</u>		<u>4,060,444</u>

The accounts set out on pages 21 to 42 were approved by the Board of Governors and authorised for issue on 30<sup>th</sup> November 2016 and are signed on its behalf by:

  
.....  
Mrs J Barker  
Chair of Governors

Company Number 09174628



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

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	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by (used in) operating activities	18		(43,360)		492,963
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		512		379	
Capital grants from DfE and EFA		13,210		158,661	
Payments to acquire tangible fixed assets		-		(161,657)	
		<u>13,722</u>		<u>(2,617)</u>	
<b>Change in cash and cash equivalents in the reporting period</b>			<u>(29,638)</u>		<u>490,346</u>
Cash and cash equivalents at 1 September 2015			490,346		-
<b>Cash and cash equivalents at 31 August 2016</b>			<u><u>460,708</u></u>		<u><u>490,346</u></u>



# THE STOUR FEDERATION

## 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

The accounts 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 Stour Federation meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2016 are the first accounts of The Stour Federation prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 23 April 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 23.

#### 1.2 Going concern

The Governors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

#### 1.3 Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

##### 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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

##### Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.



# THE STOUR FEDERATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 1 Accounting policies

(Continued)

##### Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

##### Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

##### Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

#### 1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

##### Expenditure on raising funds

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

##### Charitable activities

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

##### Governance costs

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



# THE STOUR FEDERATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 1 Accounting policies (Continued)

##### 1.5 Tangible fixed assets and depreciation

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Land and buildings	50 years straight line
Computer equipment	3 years straight line
Fixtures, fittings & equipment	5 years straight line

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.

##### 1.6 Liabilities

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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods of services it must provide.

##### 1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

##### 1.8 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 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

##### 1.9 Pensions benefits

Retirement benefits to employees of the Academy Trust 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 Trust.



# THE STOUR FEDERATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 1 Accounting policies

(Continued)

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 Trust 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 17, 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 are recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

#### 1.10 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 the Governors.

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

#### 1.11 Critical accounting estimates and areas of judgement

Accounting 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, 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.



# THE STOUR FEDERATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 1 Accounting policies

(Continued)

#### Critical areas of judgement

Useful lives of fixed assets - depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the Academy's accounting policies. Useful lives are regularly reviewed and should they shorten, then depreciation charges would increase in the financial statements and the carrying amounts of the fixed assets would reduce accordingly.

### 2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Capital grants	-	13,210	13,210	158,661

### 3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	1,764,842	1,764,842	1,679,905
Other DfE / EFA grants	-	138,863	138,863	91,797
	-	1,903,705	1,903,705	1,771,702
<b>Other government grants</b>				
Local authority grants	-	33,507	33,507	20,143
Special educational projects	-	-	-	30,192
	-	33,507	33,507	50,335
Other income from the academy trust's educational projects	-	105,017	105,017	26,180
<b>Total funding</b>	-	2,042,229	2,042,229	1,848,217



# THE STOUR FEDERATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Hire of facilities	23,563	-	23,563	5,705
Catering income	-	54,146	54,146	42,519
Music tuition	4,096	-	4,096	6,510
Parental contributions	-	46,042	46,042	37,615
Other income	-	4,761	4,761	8,023
	<u>27,659</u>	<u>104,949</u>	<u>132,608</u>	<u>100,372</u>

### 5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	512	-	512	379
	<u>512</u>	<u>-</u>	<u>512</u>	<u>379</u>

### 6 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2016 £	Total 2015 £
<b>Academy's educational operations</b>					
- Direct costs	1,291,920	102,021	154,734	1,548,675	1,405,044
- Allocated support costs	286,018	148,658	400,952	835,628	807,679
	<u>1,577,938</u>	<u>250,679</u>	<u>555,686</u>	<u>2,384,303</u>	<u>2,212,723</u>
<b>Other expenditure</b>					
Raising funds	-	-	3,638	3,638	11,370
	<u>-</u>	<u>-</u>	<u>3,638</u>	<u>3,638</u>	<u>11,370</u>
<b>Total expenditure</b>	<u>1,577,938</u>	<u>250,679</u>	<u>559,324</u>	<u>2,387,941</u>	<u>2,224,093</u>

### Net income/(expenditure) for the year includes:

	2016 £	2015 £
Fees payable to auditor for:		
- Audit	4,950	4,950
- Other services	5,500	4,800
Operating lease rentals	1,886	1,078
Depreciation of tangible fixed assets	180,514	180,148
Loss on disposal of fixed assets	926	-
	<u>193,726</u>	<u>191,776</u>



# THE STOUR FEDERATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 6 Expenditure (Continued)

#### Central services

No central services were provided by the Academy Trust to its academies during the year and no central charges arose.

### 7 Charitable activities

	2016 £	2015 £
<b>All from restricted funds:</b>		
Direct costs - educational operations	1,548,675	1,405,044
Support costs - educational operations	835,628	807,679
	<u>2,384,303</u>	<u>2,212,723</u>

	2016 £	2015 £
<b>Analysis of support costs</b>		
Support staff costs	286,018	319,637
Depreciation and amortisation	79,419	79,464
Technology costs	10,431	15,501
Premises costs	142,694	130,124
Other support costs	270,791	225,741
Governance costs	46,275	37,212
	<u>835,628</u>	<u>807,679</u>

### 8 Staff costs

	2016 £	2015 £
Wages and salaries	1,236,429	1,146,184
Social security costs	83,840	69,211
Operating costs of defined benefit pension schemes	225,993	203,459
Staff costs	<u>1,546,262</u>	<u>1,418,854</u>
Supply staff costs	19,358	15,874
Staff development and other staff costs	12,318	30,835
Total staff expenditure	<u>1,577,938</u>	<u>1,465,563</u>



## THE STOUR FEDERATION

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

#### 8 Staff costs

(Continued)

##### Staff numbers

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

	2016 Number	2015 Number
Teachers	26	24
Administration and support	44	46
Management	3	1
	<u>73</u>	<u>71</u>

##### Higher paid staff

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

	2016 Number	2015 Number
£60,001 - £70,000	<u>1</u>	<u>1</u>

##### Key management personnel

The key management personnel of the Academy Trust comprise the Governors 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 £180,743.



## THE STOUR FEDERATION

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 9 Governors' remuneration and expenses

One or more Governors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Head of Federation and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Head of Federation and staff members under their contracts of employment, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Governors.

The value of Governors' remuneration and other benefits was as follows:

Mr C Hilton (Head Teacher and Governor):

Remuneration £65,001 - £70,000 (2015: £60,001 - £65,000)

Employers pension contributions £10,001 - £15,000 (2015: £5,001 - £10,000)

Ms J Harris (Staff and Governor):

Remuneration £10,001 - £15,000 (2015: £10,001 - £15,000)

Employers pension contributions £0 - £5,000 (2015: £0 - £5,000)

Ms L Molson (Staff and Governor):

Remuneration £25,001 - £30,000 (2015: £35,001 - £40,000)

Employers pension contributions £5,001 - £10,000 (2015: £5,001 - £10,000)

Ms H Young (Staff and Governor):

Remuneration £40,001 - £45,000 (2015: £40,001 - £45,000)

Employers pension contributions £5,001 - £10,000 (2015: £5,001 - £10,000)

Mr G Roberts (Staff and Governor):

Remuneration £40,001 - £45,000

Employers pension contributions £5,001 - £10,000

Ms A Williams (Staff and Governor):

Remuneration £30,001 - £35,000 (2015: £25,001 - £30,000)

Employers pension contributions £5,001 - £10,000 (2015: £5,001 - £10,000)

Other related party transactions involving the Governors are set out within the related parties note.

#### 10 Governors and officers insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2016 was included in the Statement of Financial Activities.



## THE STOUR FEDERATION

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

#### 11 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 September 2015	3,924,628	109,094	328,273	4,361,995
Disposals	-	(2,750)	-	(2,750)
At 31 August 2016	<u>3,924,628</u>	<u>106,344</u>	<u>328,273</u>	<u>4,359,245</u>
<b>Depreciation</b>				
At 1 September 2015	78,492	36,001	65,655	180,148
On disposals	-	(1,824)	-	(1,824)
Charge for the year	78,493	36,365	65,655	180,513
At 31 August 2016	<u>156,985</u>	<u>70,542</u>	<u>131,310</u>	<u>358,837</u>
<b>Net book value</b>				
At 31 August 2016	<u>3,767,643</u>	<u>35,802</u>	<u>196,963</u>	<u>4,000,408</u>
At 31 August 2015	<u>3,846,136</u>	<u>73,093</u>	<u>262,618</u>	<u>4,181,847</u>

#### 12 Debtors

	2016 £	2015 £
VAT recoverable	9,025	34,445
Prepayments and accrued income	7,006	10,691
	<u>16,031</u>	<u>45,136</u>

#### 13 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	44,071	69,746
Other creditors	53,598	12,727
Accruals and deferred income	70,416	157,412
	<u>168,085</u>	<u>239,885</u>



## THE STOUR FEDERATION

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

14 Deferred income	2016 £	2015 £
Deferred income is included within:		
Creditors due within one year	57,421	55,816
Deferred income at 1 September 2015	55,816	-
Released from previous years	(55,816)	-
Amounts deferred in the year	57,421	55,816
<b>Deferred income at 31 August 2016</b>	<b>57,421</b>	<b>55,816</b>

At the balance sheet date the Federation was holding funds received in advance in respect of pupil premium and free school meals both of which will be fully utilised in year ending 31 August 2017.

15 Funds	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses & transfers £	Balance at 31 August 2016 £
<b>Restricted general funds</b>					
General Annual Grant	(67,165)	1,764,842	(1,785,061)	87,384	-
Other DfE / EFA grants	(70,689)	138,863	(68,174)	-	-
Other government grants	-	33,507	(33,507)	-	-
Other restricted funds	78,793	209,966	(288,759)	-	-
Funds excluding pensions	(59,061)	2,147,178	(2,175,501)	87,384	-
Pension reserve	(417,000)	-	(31,000)	(215,000)	(663,000)
	(476,061)	2,147,178	(2,206,501)	(127,616)	(663,000)
<b>Restricted fixed asset funds</b>					
DfE / EFA capital grants	126,330	13,210	(33,257)	-	106,283
Inherited funds	4,078,561	-	(148,183)	-	3,930,378
	4,204,891	13,210	(181,440)	-	4,036,661
<b>Total restricted funds</b>	<b>3,728,830</b>	<b>2,160,388</b>	<b>(2,387,941)</b>	<b>(127,616)</b>	<b>3,373,661</b>
<b>Unrestricted funds</b>					
General funds	331,614	28,171	-	(87,384)	272,401
<b>Total funds</b>	<b>4,060,444</b>	<b>2,188,559</b>	<b>(2,387,941)</b>	<b>(215,000)</b>	<b>3,646,062</b>



# THE STOUR FEDERATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 15 Funds

(Continued)

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

#### **General Annual Grant (GAG)**

The General Annual Grant (GAG) has been provided by the EFA/DfE in order to fund the normal running costs of the Federation. During the period the Federation's GAG expenditure exceeded GAG income. Where the GAG income exceeds GAG expenditure, the balance will be carried forward to use in future years and enable the establishment of a minimum prudent level of reserves to manage risks and unforeseen costs. Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

#### **Other DfE/EFA Grants**

This represents various grants from national government bodies for the provision of specific services to pupils of the Federation.

#### **Other Government Grants**

This represents various grants from local authorities for the provision of specific services to pupils of the Federation.

#### **Other Restricted Funds**

Other Restricted Funds include funding from the sale of uniforms and education related goods, exam fee income and income for educational supplies and services.

#### **Pension Reserve**

The restricted Pension reserve represents the deficit on the Federation's share of the Local Government Pension Scheme as at 31 August 2016.

#### **Restricted Fixed Assets**

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

#### **Transfers between funds**

The transfers of funding during the year of £87,384 from the unrestricted fund to the restricted fund was to fund the additional GAG expenditure arising during the year.

#### **Total funds analysis by academy**

	<b>Total £</b>
Fund balances at 31 August 2016 were allocated as follows:	
Acorns Primary	113,396
Shipston-On-Stour Primary School	159,005
Total before fixed assets fund and pension reserve	<u>272,401</u>
Restricted fixed asset fund	4,036,661
Pension reserve	(663,000)
Total funds	<u><u>3,646,062</u></u>



# THE STOUR FEDERATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 15 Funds (Continued)

#### Total cost analysis by academy

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
	£	£	£	£	£
Acorns Primary	266,193	69,963	5,518	97,468	439,142
Shipston-On-Stour Primary School	1,081,917	157,769	44,893	451,778	1,736,357
	<u>1,348,110</u>	<u>227,732</u>	<u>50,411</u>	<u>549,246</u>	<u>2,175,499</u>

### 16 Analysis of net assets between funds

	Unrestricted Funds	Restricted funds:		Total 2016
	£	General	Fixed asset	£
		£	£	
<b>Fund balances at 31 August 2016 are represented by:</b>				
Tangible fixed assets	-	-	4,000,408	4,000,408
Current assets	274,858	165,628	36,253	476,739
Creditors falling due within one year	(2,457)	(165,628)	-	(168,085)
Defined benefit pension liability	-	(663,000)	-	(663,000)
	<u>272,401</u>	<u>(663,000)</u>	<u>4,036,661</u>	<u>3,646,062</u>

### 17 Pensions and similar obligations

The Academy Trust'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 the Accounting Officer. 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 related to the period ended 31 March 2012 and that of the LGPS related to the period ended 31 March 2013.

There are 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 STOUR FEDERATION

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

#### 17 Pensions and similar obligations

(Continued)

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 the TPS in the period amounted to £124,503 (2015: £175,660).

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

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

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The estimated value of employer contributions for the forthcoming year is £78,000.

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.



## THE STOUR FEDERATION

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

<b>17 Pensions and similar obligations</b>	<b>(Continued)</b>	
<b>Total contributions made</b>	<b>2016</b>	<b>2015</b>
	£	£
Employer's contributions	75,000	59,000
Employees' contributions	20,000	19,000
	95,000	78,000
	95,000	78,000
<b>Principal actuarial assumptions</b>	<b>2016</b>	<b>2015</b>
	%	%
Rate of increases in salaries	4.1	4.5/4.6
Rate of increase for pensions in payment	2.1	2.6/2.7
Discount rate	2.0/2.1	3.7/3.8
	2.0/2.1	3.7/3.8
	2.0/2.1	3.7/3.8

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 August 2016:	Approximate % increase to Employer Liability	Approximate monetary amount £'s
0.5% decrease in Real Discount Rate	13%	70,000
1 year increase in member life expectancy	3%	18,000
0.5% increase in the Salary Increase Rate	5%	24,000
0.5% increase in the Pension Increase Rate	8%	44,000

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

	<b>2016</b>	<b>2015</b>
	Years	Years
Retiring today		
- Males	22.4	22.4
- Females	24.4	24.4
Retiring in 20 years		
- Males	24.3	24.3
- Females	26.6	26.6
	26.6	26.6
	26.6	26.6



# THE STOUR FEDERATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations		(Continued)	
The Academy Trust's share of the assets in the scheme		2016	2015
		Fair value	Fair value
		£	£
Equities		346,450	231,000
Bonds		122,590	83,000
Cash		5,330	4,000
Property		58,630	43,000
Total market value of assets		<u>533,000</u>	<u>361,000</u>
Actual return on scheme assets - gain/(loss)		<u>77,000</u>	<u>(13,000)</u>
Amounts recognised in the statement of financial activities		2016	2015
		£	£
Current service cost (net of employee contributions)		90,000	87,000
Net interest cost		<u>16,000</u>	<u>14,000</u>
Changes in the present value of defined benefit obligations			2016
			£
Obligations at 1 September 2015			778,000
Current service cost			90,000
Interest cost			31,000
Employee contributions			20,000
Actuarial loss			<u>277,000</u>
At 31 August 2016			<u>1,196,000</u>
Changes in the fair value of the Academy Trust's share of scheme assets			2016
			£
Assets at 1 September 2015			361,000
Interest income			15,000
Return on plan assets (excluding amounts included in net interest):			
Actuarial gain			62,000
Employer contributions			75,000
Employee contributions			<u>20,000</u>
At 31 August 2016			<u>533,000</u>



## THE STOUR FEDERATION

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2016

#### 18 Reconciliation of net income/(expenditure) to net cash flows from operating activities

	2016	2015
	£	£
Net income/(expenditure) for the reporting period	(199,383)	4,060,444
Adjusted for:		
Net deficit/(surplus) transferred on conversion	-	(4,176,908)
Capital grants from DfE/EFA and other capital income	(13,210)	(158,661)
Investment income	(512)	(379)
Defined benefit pension costs less contributions payable	15,000	28,000
Defined benefit pension net finance cost/(income)	16,000	14,000
Depreciation of tangible fixed assets	180,514	180,148
Losses/(profits) on disposals of fixed assets	926	-
(Increase)/decrease in debtors	29,105	(45,136)
Increase/(decrease) in creditors	(71,800)	239,885
Stocks, debtors and creditors transferred on conversion	-	4,551,908
<b>Net cash used in operating activities</b>	<b>(43,360)</b>	<b>4,693,301</b>

#### 19 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016	2015
	£	£
Amounts due within one year	1,014	1,886
Amounts due in two and five years	606	1,413
	<u>1,620</u>	<u>3,299</u>

#### 20 Capital commitments

The Academy Trust had no capital commitments in existence at the period end (2015: £nil).

#### 21 Related party transactions

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

There were no transactions with related parties during the period ended 31 August 2016 which require disclosure.

In the opinion of the Governors, there is no ultimate controlling party.



# THE STOUR FEDERATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 22 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

### 23 Reconciliations on adoption of FRS 102

#### Reconciliation of funds for the previous financial period

	Notes	1 September 2014 £	31 August 2015 £
Funds as reported under previous UK GAAP		4,176,908	4,060,444
Adjustments arising from transition to FRS 102:			
Interest income on plan assets	1	-	5,000
Return on assets excluding amounts included in net interest	1	-	(5,000)
Funds reported under FRS 102		<u>4,176,908</u>	<u>4,060,444</u>

#### Reconciliation of net income for the previous financial period

	Notes	2015 £
Net income as reported under previous UK GAAP		4,060,444
Adjustments arising from transition to FRS 102:		
Interest income on plan assets	1	(5,000)
Return on assets excluding amounts included in net interest	1	5,000
Net income reported under FRS 102		<u>4,060,444</u>

#### Notes to reconciliations on adoption of FRS 102

##### 1 Defined benefit pension scheme

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised as an expense. There has been no charge 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 £5,000 and increase the debit in other recognised gains and losses in the SOFA by £5,000.